

INTERNATIONAL UNIVERSITY OF JERUSALEM

INTERNATIONAL

Herald Tribune

Published with The New York Times and The Washington Post

30,500

\*\*R

PARIS, WEDNESDAY, MARCH 11, 1981

Established 1887

Reagan Declines to Rule Out Aid to Afghan Rebels

Howell Raines
WASHINGTON — President Reagan said in a television interview that he would consider continuing aid to Afghan insurgents...

U.S. Gets A 'Sanity' Budget

Owen Ullmann
WASHINGTON — President Reagan said before Congress Tuesday a \$495.3-billion budget that he claimed would return government to "economic sanity" through overall cuts of \$48.6 billion...



Chancellor of the Exchequer Sir Geoffrey Howe displays the original budget box, made in 1860, as he departs 11 Downing St. to announce the latest budget to the House of Commons.

British Budget Seeks Substantial Tax Rise

Leonard Downie Jr.
LONDON — The Thatcher government, struggling to maintain its monetarist economic strategy during Britain's severe recession...

Token Strike in Lodz Breaks 4-Week Truce

Brian Mooney
WARSAW — Lech Walesa, leader of the Polish independent trade union Solidarity, held his first meeting with Premier Wojciech Jaruzelski Tuesday night as tension mounted after a one-hour strike by more than 300,000 workers in Lodz...

Reagan Repeats Defense of Military Aid to El Salvador

WASHINGTON — President Reagan repeated his defense of military aid to the Salvadoran government as necessary for Communist expansion in the Western Hemisphere...

U.S. Army Officer in El Salvador Affirms Order to Avoid Combat

Juan Vasquez
SAN SALVADOR — A U.S. Army adviser has said that American servicemen in El Salvador are under instructions to avoid fighting or combat except for self-defense or to help another member of the U.S. contingent...

Test-Tube Baby in Melbourne

Melbourne
AUSTRIA — Australia's test-tube baby was born Tuesday at a Melbourne hospital on Tuesday. The baby, a girl, was born about three weeks premature and delivered by cesarean section...



A U.S. adviser (right) works with two Salvadoran mechanics on a helicopter. Salvadoran military officials prohibited the photographing of the adviser's face and insisted that he not be identified.

Longtime U.S. Employee Is Chinese Puzzle

A.O. Sulzberger Jr.
WASHINGTON — Zhao Wenjun was hired by the U.S. government in 1926 as a messenger and handyman at the consulate in Xiamen, on the coast of Fujian province across the Formosa Strait from Taiwan...

Janitor at Ex-Consulate May or May Not Be Eligible for Pension

A.O. Sulzberger Jr.
WASHINGTON — Zhao Wenjun was hired by the U.S. government in 1926 as a messenger and handyman at the consulate in Xiamen, on the coast of Fujian province across the Formosa Strait from Taiwan...

U.S. Intelligence Officials Seek To Broaden Surveillance Powers

Robert Pear
WASHINGTON — The Reagan administration's intelligence officials are asking for fresh authority to gather information on Americans in the United States and abroad by using such "intrusive" techniques as searches, physical surveillance and the infiltration of domestic organizations...

Rockefeller Commission Documents Controversy

WASHINGTON — The Reagan administration's intelligence officials are asking for fresh authority to gather information on Americans in the United States and abroad by using such "intrusive" techniques as searches, physical surveillance and the infiltration of domestic organizations...

Respect for Liberties

The proposed order says that intelligence agencies should respect "established concepts of privacy and civil liberties." It would not change those sections of the Carter order that prohibited assassination by agents and curtailed experimental research on human beings...

INSIDE

Eurodefense

West Germany's changing emphasis on future defense projects has triggered a search for new and more modest alternatives, possibly involving U.S. participation in a projected supersonic tactical fighter for the 1990s...

Peking's Curbs

Restrictions are being tightened again on the freedom of artistic, literary and intellectual expression in Peking, raising fears that the recent creative resurgence may be at an end...

TOMORROW

Bonn's Bankroll

Bonn's decision to delay or cancel some joint weapons programs may signal an eclipse of West Germany in its recent role as the banker of many successful European ventures and financier of European unity...



West German Doubts Threaten Joint Arms Ventures in Europe

By Axel Krause
International Herald Tribune
— West German plans to cancel future defense...

...even though the form may change. West German government sources said in Bonn Tuesday that no final decision had been reached on joint development and production of the tank.

Canadians Greet Reagan as Host of Grievances

By Agency Dispatches
— President Reagan is Tuesday on his first trip abroad as president and his Canadian hosts...

...The president was to be welcomed, dined and entertained, but he was also expected to be confronted with demonstrations and protests.

U.S. Now Wants to Review Entire Text Of Draft Pact Governing Use of Oceans

By Don Shannon
Los Angeles Times Service
— UNITED NATIONS, N.Y. — The new chief U.S. delegate to the Law of the Sea Conference...

Space Shuttle Crew Optimistic on April Flight

By George Alexander
Los Angeles Times Service
— ON — The two astronauts to fly the U.S. space shuttle Columbia on its first flight next month have probed themselves and their reentry...

China Conceding Need for Foreign Help

By James P. Sterba
New York Times Service
— PEKING — Accustomed to hiding its troubles and boasting of its successes, China withheld for years the news that 242,000 people died and 164,000 were seriously injured in the earthquake of July 28, 1976...

West Financing Hotel in Peking

By Reuters
PEKING — Work began here Tuesday on a luxury 1,000-bed hotel, a joint U.S.-Chinese venture backed by a Western consortium led by the London-based Nordic Bank.

Devlin Planning Political Return

By United Press International
BELFAST — Irish nationalist Bernadette Devlin McAliskey said during the first news conference since she was wounded in an assassination attempt that she will return to politics.

India Cites Glut In Opium Supply

By Reuters
NEW DELHI — India, one of the world's largest opium producers, has expressed concern at a surplus in the international market.



Dr. Bruce A. Reitz (left) and Dr. Norman E. Shumway (right) transplant a heart and a lung into Mary D. Gohlke in the fourth operation of this type and the first in almost one decade.

New Drug Lends Hope in U.S. Heart-Lung Transplant

By Harry Nelson
Los Angeles Times Service
— STANFORD, Calif. — Surgeons at Stanford Medical School have performed a combined heart and lung transplant — the fourth such operation and the first in nearly 10 years — with the use of a drug that they believe will improve the survival rate of the operation.

...The recipient, Mary D. Gohlke, 45, of Mesa, Ariz., was doing as well as could be expected. Dr. Bruce A. Reitz said. Dr. Reitz and Dr. Norman E. Shumway performed the four-hour operation using the heart and lungs of an unidentified donor from the San Diego area.

Romania Lags Badly In Food Production

By David Binder
New York Times Service
— WASHINGTON — Romania, traditionally the breadbasket of the Balkans, is having trouble providing enough food for its inhabitants, a situation that has provoked factory strikes and demonstrations, according to reports reaching here.

...The Reagan administration has received a dozen reports of strikes and demonstrations protesting food shortages in western and central Romania since the beginning of the year, but U.S. officials said they had seen no indications of repressive measures.

Turks Worry Over Europe Criticism

By Marvinne How
New York Times Service
— ANKARA — Turkey wants to remain part of Western Europe's democratic community and Ankara is concerned over what it sees as a campaign to expel it.

...The West German legislators said at a news conference that they believed continued economic and military aid to Turkey would speed up a return to democracy.

U.S. Court Backs A Defendant's Right to Silence

By New York Times Service
— WASHINGTON — The Supreme Court has ruled that a criminal defendant who chooses not to testify in his own defense is entitled to have the judge instruct the jury that no inference of guilt can be drawn from that choice.

...The 8-1 decision on Monday reversed the burglary conviction of a Kentucky man who decided not to take the stand at his trial.

2 Jailed for Hurling Paint on Aides at UN

By Associated Press
NEW YORK — Two members of a small Maoist political party have begun serving one-year prison terms for hurling red paint on Soviet and U.S. delegates during a UN Security Council meeting on April 30.

...In his Feb. 19 speech in Bucharest, Mr. Ceausescu said: "The party and government highly assess the work carried out by millions of women in agriculture."

China Conceding Need for Foreign Help

...The government's candor this time contrasted sharply with its inability to acknowledge its troubles in the early 1960s, when hundreds of thousands of people reportedly died of starvation and famine because of droughts and floods that the government did not admit had occurred.

...The trial judge refused to give the instruction and the Kentucky Supreme Court upheld the conviction.

China Conceding Need for Foreign Help

...The government's candor this time contrasted sharply with its inability to acknowledge its troubles in the early 1960s, when hundreds of thousands of people reportedly died of starvation and famine because of droughts and floods that the government did not admit had occurred.

...The trial judge refused to give the instruction and the Kentucky Supreme Court upheld the conviction.

Romania Lags Badly In Food Production

...The Reagan administration has received a dozen reports of strikes and demonstrations protesting food shortages in western and central Romania since the beginning of the year, but U.S. officials said they had seen no indications of repressive measures.

Turks Worry Over Europe Criticism

...The West German legislators said at a news conference that they believed continued economic and military aid to Turkey would speed up a return to democracy.

U.S. Now Wants to Review Entire Text Of Draft Pact Governing Use of Oceans

...The demand, other delegates warned, would destroy the pact, which had been tentatively agreed on after seven years of negotiations.

Space Shuttle Crew Optimistic on April Flight

...The shuttle crew for the initial 54½-hour shakedown cruise, and no space walks are planned.

China Conceding Need for Foreign Help

...The government's candor this time contrasted sharply with its inability to acknowledge its troubles in the early 1960s, when hundreds of thousands of people reportedly died of starvation and famine because of droughts and floods that the government did not admit had occurred.

West Financing Hotel in Peking

...The 572-million structure of 22 stories, designed to withstand an earthquake of magnitude eight on the Richter scale, will be known as the Great Wall Hotel, although the wall is about 40 miles (70 kilometers) away.

Devlin Planning Political Return

...The failure to limit the jurors' speculation on the meaning of that silence exacts an impermissible toll on the full and free exercise of the privilege, Justice Stewart said.

Advertisement for Loews Drake, a swissotel, located at Park Avenue at 56th Street, New York 10022. It includes contact information for reservations and a list of international locations.

East-West Arms Talks

The United States seems ready to accommodate its European allies by consulting on how to get talks going again with the Soviet Union on limiting theater nuclear weapons.

on development or deployment of tactical nuclear weapons, as Moscow has now suggested, while the Soviet Union has a clear advantage in this field.

The U.S. positions, outlined in a joint press conference by Secretary Haig and West German Foreign Minister Hans-Dietrich Genscher, are apparently the third stage in a rapidly developing diplomatic scenario.

There is evidence that the Soviet Union regards the balance in Europe to be of virtually equal importance with the overall strategic balance. If that is so, Moscow is unlikely to give away any part of its advantage.

In the case of the theater nuclear talks, that raises questions like whether the West should accept even a temporary moratorium

INTERNATIONAL HERALD TRIBUNE.

Supply-Side on the Downside

President Reagan's tax cut has now passed through the first phase of congressional examination. The administration has laid out a detailed plan, and it has gone through the first round of hearings in the House.

The supply-side theory is in serious trouble at several points. It argues that lower marginal tax rates are essential to provide incentives to work harder and save.

A lot of people favor a tax cut, but only on the conventional grounds that inflation automatically increases that have to be offset by Congress from time to time.

There's a lot of resistance in Congress to Mr. Reagan's idea of legislating a series of tax cuts several years into the future.

The supply-siders' failure to hold the initiative has substantial political importance. It means that Congress will have a free hand to take the president's plan apart and put it back together along lines that seem more promising.

The argument for three years of tax cuts in one bill is that it would let people know what to count on. But taxpayers know that their personal taxes in 1984 will be influenced as much by future inflation as by present legislation.

THE WASHINGTON POST.

Progress Report on Energy

Energy consumption is down in the United States, and energy production is up. Oil imports are down sharply, and coal exports are up.

country to zero economic growth and, as population increased, to an inevitable decline in living standards.

Seven years ago the Ford Foundation's Energy Policy Project set off an angry debate with a study comparing several different tracks that American energy requirements might take.

As it has actually worked out, energy consumption has consistently stayed well below even the Ford project's lowest estimates and seems to have arrived at zero growth fully 20 years ahead of schedule.

The first is that events won't always wait for Americans to make up their minds. When the political system came to a stalemate on the energy dilemma, events imposed their own bars solution.

THE WASHINGTON POST.

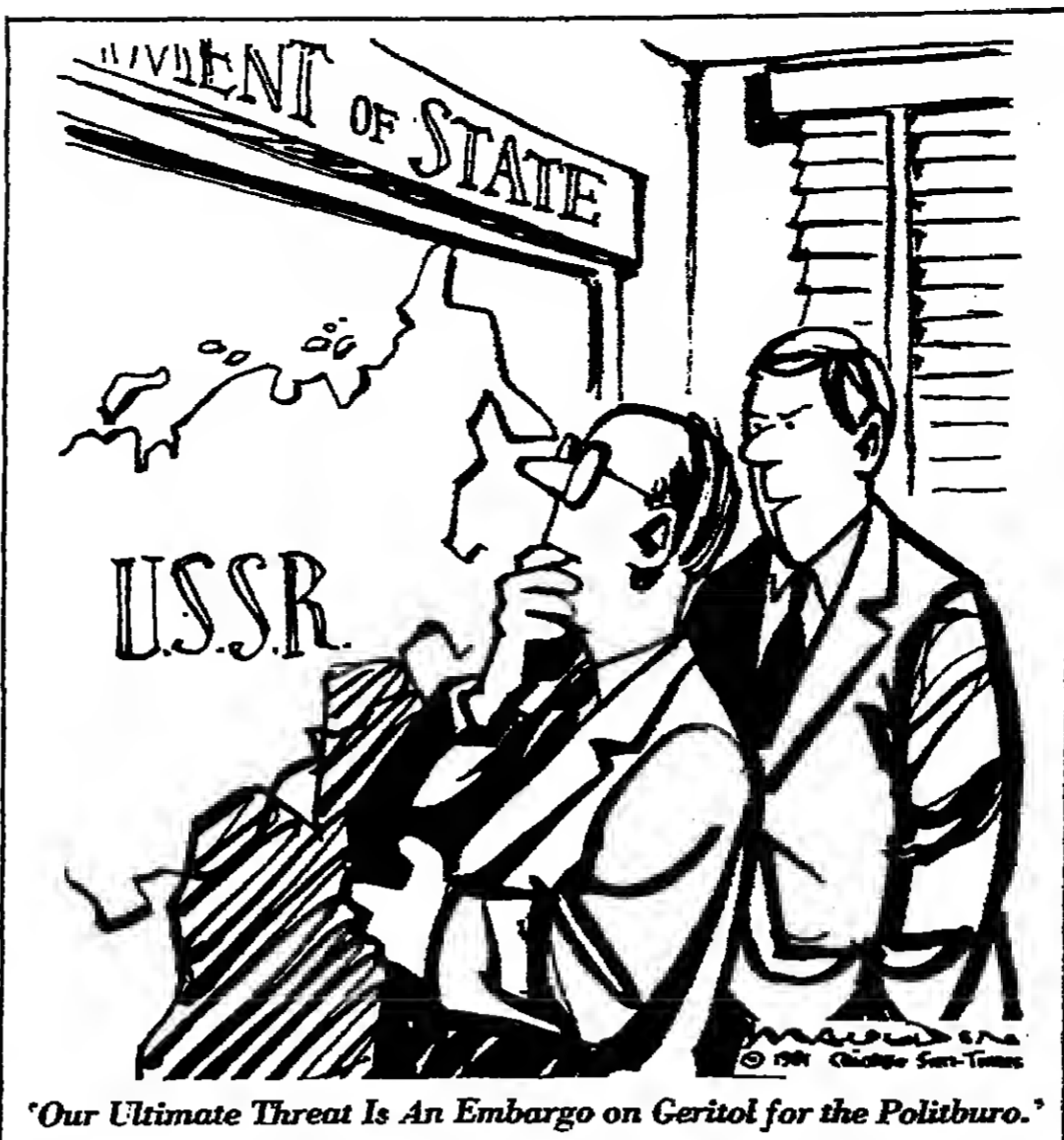
In the International Edition

Seventy-Five Years Ago March 11, 1906

WASHINGTON — President Roosevelt has congratulated Maj.-Gen. Wood at Manila on account of the recent encounters with the Moros.

Fifty Years Ago March 11, 1931

FAIRFIELD, Calif. — An oriental drama of the most thrilling type has developed here in which a headless body, the murder of 14 Hindus, a communal feud and Gandhi's policy of civil disobedience in India are centered.



Kremlin's Own Domino Theory

By Leopold Unger

BRUSSELS — Nothing extraordinary was expected to come from the 26th Congress of the Soviet Communist Party. Yet, it turned out to be a historic occasion in that it was the most extraordinary example of political and ideological stultification in the annals of Lenin's party.

domestic social and economic scene. Reports turned out to be detailed accumulations of failure in an end-of-reign atmosphere. No solutions were offered, only words of encouragement.

This at a time when the Soviet model of Socialism is being criticized in Poland more than ever in history, more even than during the 1956 Hungarian rebellion and more than during the 1968 spring-time in Czechoslovakia.

Show of Contempt

The communique published March 4, following the very curious Soviet-Polish "council of war," is a clear indication of the heavy Soviet pressure on Polish leaders to use the toughest measures against Solidarity, the independent union.

Two other factors point to the failure of the Soviet regime on the international scene. One was the ouster of the Italian Communist Party delegate from the congress, forcing him to address an almost empty second-rate auditorium.

Another factor is that Mr. Brezhnev's management of international affairs has brought East-West relations to the greatest point of tension since the Cold War. Even the word détente, the goal of Soviet diplomacy for the last decade, is no longer being used.

Mr. Brezhnev, the last survivor of the trio that succeeded Nikita Khrushchev in 1964, has his 1981 congress will not stand out as a great achievement of his rule.

No Time to Go

However, what must not be forgotten is that even if Mr. Brezhnev, 74, or Arvid Pelche, 82, or Mikhail Suslov, 78, or Dmitri Ustinov, 76, refuse to abandon their posts, it is not simply due to an inordinate, although evident, hunger for power, but also because this is not the right time to go away.

The time is not right for the transmission of powers, not for the lack of heirs but because the inheritance is still uncertain and the method of relinquishing it is still unsure.

The current rulers of the Kremlin are probably convinced that if any of them were to leave today, the result could well be a domino effect that would destroy the entire ruling structure. The makeup of the Politburo, the body that controls the whole of the nation, is a delicate balance of the various pressure groups in the Soviet Union today.

This delicate balance exists also at all the subordinate levels of power. Each top leader reigns over his own clientele in each of the separate compartments of the party, the state, the army and the police. If any man at the top were to disappear, his replacement would be very probably reflected in each of the compartments throughout the Soviet power structure. A likelihood that could easily become a great risk.

Eager Heirs

The fear of seeing this delicately balanced structure come crashing down has led to total paralysis at the top. Mr. Brezhnev's personal authority has prevented inter-ecine warfare among the major ruling clans, and it has, therefore, guaranteed that the current jobholders will remain in their posts and stay within the Nomenklatura, that is, the system of privileges that acts as the strongest pillar of the Brezhnev rule.

Nevertheless, behind this self-redesigned gerontocracy, there is an eager team of heirs, but a team without a credible and attractive program to present to the nation and the world.

The congress itself was particularly lacking in optimism over the

Letters

Going It Alone

Your Feb. 14-15 issue contained a brief Reuters dispatch detailing Brussels in which the NATO supreme commander, Gen. Rogers, was quoted as saying that he "does not believe that it would be in the West's interests for the Polish Army to resist any Soviet invasion because the conflict would spread."

If the quotation is exact, then this indeed was not only unsolicited and irresponsible "advice" but reprehensible.

Irresponsible because it simultaneously gives the Russians a laissez-passer to intervene militarily while contradicting all of the statements repeated by President Reagan and Secretary Haig warning the Russians that they would have to pay a heavy price for such an invasion.

Reprehensible because it dashes the hopes of the Polish people in their struggle to establish a society responsive to their own needs and aspirations by telling them in advance that they have to "go it alone."

Poles were first to fight in 1939. They refused to surrender. If they are faced again with a brutal invasion, their course of action will be determined by their love of freedom and their national pride and not by the "West's interests" as interpreted by Gen. Rogers.

W. ZACHARIASIEWICZ, Marbella, Spain.

Memo to Gromyko

In his letter to Secretary Haig released on Feb. 11 (HT, Feb. 13), Foreign Minister Gromyko claims that the Soviet government "came out in clear and unambiguous terms... in favor of an immediate

and East German parties are scheduled to hold their meetings toward the end of the month.

But the most eagerly awaited meeting is that of the Polish party, because the Warsaw regime must then and there be thoroughly revised. It is in Poland that Communist power has faced its greatest challenge from the nation it administers and it is in Poland that a party congress will have the opportunity to choose the path of its future.

This explains the virulence of the Soviet-Polish communique in Moscow and that is why the Polish Communist Party Congress will almost certainly be postponed.

©1981, International Herald Tribune.

Qadhafi's 'Four Circle' Concept

By C.L. Sulzberger

PARIS — Because he regards himself as a successor of Nasser, whose national and international ambitions he much admired, Col. Moammar Qadhafi, the young Libyan autocrat, claims extensive global interests. He does not call his intrusions in other lands "intervention." Nevertheless, his actions remind one of Talleyrand's phrase: "Nonintervention is the same as intervention."

Col. Qadhafi once said: "I accept Nasser's concept of three concentric circles: Pan-Arabism, Pan-Africanism, Pan-Islamism. But we are also a part of the world as such. Therefore, our concern must be with all four circles, not just three."

This is Col. Qadhafi's special imaginary shorthand explaining the efforts of weak, underpopulated Libya to extend influence as far afield as the southern Philippines or as North Ireland, which "we consider an integral part of Ireland (the Republic). The Irish nation is different from the English nation."

Operating under this "fourth circle" concept, Col. Qadhafi in 1976 concluded an enormous arms deal with Moscow. This eventually gave Libya a vast tank force and made it a conduit for delivering

Soviet weapons to foreign terrorists: the IRA (Provisionals), the Baader-Meinhof gang, the Japanese Red Army and the Arab extremist group operations guided by "Carlos," as well as associates in Turkey and Southern Yemen.

In all his four "circles," Col. Qadhafi has shown himself very much an activist. Indeed, in 1973 he ordered an Egyptian submarine ("Federation" was Libya) to torpedo Britain's liner Queen Elizabeth 2, loaded with Jewish tourists, after Israel had shot down a Libyan airliner that strayed over its territory. The submarine "commanders did not obey."

The French, during Georges Pompidou's presidency, tried to win over Col. Qadhafi by selling him over a hundred Mirage fighters. This produced no favorable dividends for Paris and actually, when Col. Qadhafi "loaned" four of the planes to Egypt for use against Israel, they were promptly shot down by the Israelis, using four Mirages from their own air force.

Since that epoch, relations between France and Libya have soured over the issue of Nasser's first and second "circles," Pan-Arabism and Pan-Africanism. France had stood godfather to its former Chad colony, now the Central African Republic, which is ethnically partitioned among Arabized northerners and non-Arabized (Christian or animist) southerners.

The same religious-racial gap tends to spread across all middle Africa south of the Sahara from the Sudanese Republic through Chad to Nigeria, whose third largest city, Kano, is a great Moslem center. In none of this area is there true tranquility in this ethnographic

ic borderland across which lies the fastest growing religion in Africa (followed by Roman Catholicism and Seventh Day Adventism is continually thrusting. Col. Qadhafi's occupation Chad is part of the process. He's guaranteed to keep his troops in until what he terms "security" pills. The two countries have "nearly merged," despite Franco-Mirage-Geal opposition. He sent troops into and out of Chad and halted sale of military boats to Libya. The only European power to benefit from Col. Qadhafi's thrust into Central Africa is Russia, which sent Libya a more weapons plus Soviet and elite military technicians.

The black nations of Africa, most worried by Col. Qadhafi drive across the ethnic frontier: especially Egypt (with its Nubian the Sudan and Nigeria. The Nigerians, whose oil exports are especially important to the United States (as are Libya's gas export have significantly increased their military budget.

Hints of Turmoil

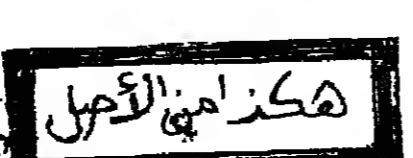
Already there are hints of serious turmoil in Africa's largest after extensive attacks Islamic cults around Kano result in hundreds of deaths. Nigerian officials have publicly accused Lil of being "involved" in these disturbances.

How far Col. Qadhafi is set to push this phase of his first second "circle" aspirations for expanding power is unknown. Armed forces are small but led by a newly recruited "Islamic Legion" of foreigners. He is certainly encouraging restiveness among the black, livestock-raising non-Moslem southern tribes, afraid of Arabism, and has secured for himself a strategically important position in the continent heart.

What all this portends, however, is difficult to assess. He is quarreling also with Arab countries, including neighboring Algeria, which he vies for influence in Polisario rebellion against Morocco. Col. Qadhafi is detested Egypt's present regime. And his vision of a confederation of Islamic Arab states may simply bog down or dissolve among inherent Arab and African racial, religious and tribal differences of ancient standing.

©1981, International Herald Tribune.

Herald Tribune masthead and contact information including Lee W. Hoebner as Publisher, Walter N. Wells and Robert K. McCabe as Deputy Editors, and Roland Pincus as Associate Publisher.



ina Again Tightens Restrictions on Art, Literary Expression

Michael Parks
Angles Times Service
3 — Restrictions are

"Pure Stalinism," an editor at one literary journal said in disgust. "All their arguments and criticism boil down to a despotic view of literature and the arts."

Other Reaction

Such reaction is not universal among intellectuals, however, and some admit the validity of the basic party criticism.

Several literary journals, Shanghai and proletarian have been told, the "d," to publish "less negative" about the Cultural and the anti-rightist of the late 1950s and to scripts that uphold Socialist party's leadership ...

Academic Affairs

Officials are again intervening in academic affairs at universities, the sources say. Publishing papers to get party clearance, and graduate students must approval before they ...

People's Daily has seized in the new campaign, publishing the moving, piece of Zhao Dan, Chief actor, who called just for greater artistic ...

Communist Interviewed

Leaders were described as when the Peking Evening ... said Hu Qiaomu, ... complained about mal- by the party during the ...

d Rhyll Is Dead at 74; U.K. Cabinet in 1958

move effectively ended his government career, but he stayed on in the House of Commons until he was made a life peer in 1970.

SITUARIES

Mr. Rhyll was a Conservative of Parliament for 25 years as economic secretary when he quit. The

Nisei Unit 1942 Saluted Exhibition

San Francisco — An exhibition of the U.S. Army's Japanese "go for broke" mental Combat Team in the Presidio.

Marjorie Hope Nicolson

Marjorie Hope Nicolson, 87, dean of Smith College from 1929 to 1941 and a professor of English at Columbia University from 1941 to 1962, died Monday.



Donald Sutherland, Mary Tyler Moore in "Ordinary People."

'Ordinary People' Lacks Any Distinctive Touch

By Thomas Quinn Curtis

PARIS — "Ordinary People," which is being heavily pushed for the 1981 Oscar as the best U.S. film of the year, marks the tempo-

But Sophie Tucker, according to legend, always kept it "clean" — or didn't she? A footnote on this would be welcome.

PARIS — "Ordinary People," which is being heavily pushed for the 1981 Oscar as the best U.S. film of the year, marks the tempo-

Richard Rush, in directing, conveys the sardonic situation tongue-in-cheek with the accent on the action sequences and their excitement and humor.

Party Corruption

The original ending, now reportedly being revised, was particularly bleak. The radicals are ousted from the Chinese leadership, and the intellectual's wife and friends come up the mountain, searching for him.

A 'Lost' Corot Is Found

NEW YORK — A portrait of a young woman by the French artist Camille Corot, who was presumed lost, has been discovered in the home of an American collector who had no idea of its value.

Crime Novels

Queen Elizabeth the Queen Mother's Devon Loch headed for the winning post in the Grand National after conquering 30 fences.

Dick Francis: On Track of Thrillers

LONDON — As a steeplechase jockey, Dick Francis broke almost every bone in his body riding and he enjoyed every minute of his perilous career.

Paris Amusements

PARIS AMUSEMENTS CINEMAS - THEATERS - RESTAURANTS - NIGHT CLUBS

6 ACADEMY AWARD NOMINATIONS

Ordinary People 6 ACADEMY AWARD NOMINATIONS

Stolen Bronzes Recovered

ROME — Italian police announced Tuesday the recovery of priceless archaeological objects stolen from Paestum and Pompeii in 1978 and smuggled to West Germany.

James Blood Ulmer: A Jagged Step Forward in Jazz

By Michael Zwerin

PARIS — James Blood Ulmer has recently taken to calling himself James Blood. To those who say that sounds somewhat ferocious, reminding them of Dracula and death, he replies softly: "That's funny. Blood reminds me of life."



Ulmer: Anything goes.

Ulmer's band recently opened for Public Image Limited at a packed house at New York's important rock theater, The Palladium. PIL is led by Johnny Rotten, of Sex Pistols fame. Both he and Ulmer are often referred to as "legendary."

Ulmer worked and studied with Coleman. His music is based on Coleman's "harmolodic" theory which involves multi-musics; sort of random, polygonal figures. Anything goes as long as the improviser keeps moving.

Ulmer was born in St. Matthews, S.C., where he grew to like rednecks. He explodes a contagious laugh. "They have to settle their own score with the Lord, but at least they're truthful. They let you know what they like and don't like. Rednecks are alright."

He sings a couple of numbers, "Are You Glad to Be in America" and "Jazz Is the Teacher, Funk Is the Preacher."

there. They don't ever get more knowledge than the manufacturer. The harmolodic theory forces you to transpose the instrument according to your creative needs."

Ulmer has just signed a contract with CBS Records, joining their limited, elite jazz roster that includes Dexter Gordon and Miles Davis. Although he regularly packs New York New Wave rock clubs like CBGB and Hurrah, and his rock textures and funk lines are undeniable, he seems puzzled when asked if you could call his music fusion. "I don't really know what fusion is. Fusion is like some rock music that was jazzed up. Or maybe it's rocky jazz."

Here comes that laugh again. "My music seems to make people move but I ain't seen nobody jump up into any known dance yet. Anyway, I don't see anything wrong with people dancing to jazz. Jazz began as dance music. I remember my father dancing to Charlie Parker records. I like music that makes people react physically. Sometimes the reaction can be too strong. When I was with Ornette we had rocks thrown at us in Italy. No telling what people will do when you play music that messes with their heads."

He sings a couple of numbers, "Are You Glad to Be in America" and "Jazz Is the Teacher, Funk Is the Preacher."

wheezes another laugh. "well, it's just me jumping back into the briar patch. I've been to lots of Bo Diddley concerts. Some old jokers back there must have planned something in my head without my knowing."

James Blood Ulmer Trio, Chapelle des Lombards, 19 Rue de Lappe, Paris 11, through March 21 (except Sunday and Monday).

DIAMONDS YOUR BEST BUY Single diamonds at wholesale prices by ordering direct from Antwerp, the world's most important cut-diamond market. Give diamonds to the ones you love. Buy for investment, for your enjoyment. Write annual for free price list or call us. Joachim Goldenstein diamantexport Established 1898 Pelhamstraat 62, B-2000 Antwerp Belgium - Tel.: 03134751 - Telex: 71778 eyl b. at the Diamond Club Bldg. Gold Medal 1956

SWISS FINANCIAL COMPANY Active since 1976 in the range of instalment sales credits, consumption credits, leasing, looks for a FINANCIAL ASSOCIATE to collaborate with us at the expansion of the company. The organization is also legally qualified to operate also on the traditional banking market of trust investment. The percentage on the capital stock has to be fixed. Please send your offer to: R. Paganoni - P.O. Box 34 CH-6830 Chiasso (Switzerland)

INTERNATIONAL BUSINESS OPPORTUNITIES Formerly PVO International, Boonton, New Jersey COMPLETE PROCESS FACILITIES FOR: Edible Oil Division Inedible Oil (Industrial) Division Catalyst Division Refining - Bleaching - Rearrangement, Acidulation - Hydrogenation - Deodorization - Esterification - Transesterification - Ethersylation - Filtering, Blending - Spray Beading - Flaking - Mfg. of both wet & dry reduced activated catalysts. Will sell all or part of manufacturing facilities Approximately \$25,000,000.00 Replacement value! (CALL, WRITE, TELEX.) N.J. ASSOCIATED MACHINERY CORPORATION 132 - 54th Street Brooklyn, New York 11220 Telex: 127570 212/492-6560

Taxes/Finances In Louisiana we offer such right-to-profit incentives as lower-cost financing, a tax year exemption from local property taxes on new and expanded manufacturing plants and equipment and a strong right-to-work law. Louisiana Office of Commerce & Industry Administration 22, Dept. 5, 5-5000 FRANKFURT (Main), West Germany Telephone (49-61) 580061, Telex 41 4561 100 0 15 Avenue Victor Hugo, Dept. 5 75116 PARIS, France Telephone (33-1) 502-1800, Telex 322 695 F LOUISIANA WORKS Let it work for you!

TIDY CAR DEALERSHIPS AVAILABLE Profit From The Growing Auto Appearance Business. Proven Success Formula Now you can be part of the same successful business formula being used by over 2,000 Tidy Car dealers in North America. They are experiencing big profits in a business of their own making cars, trucks, marinecraft, aircraft and vehicles of all types look shiny and new—inside and out. Recent Breakthrough in Auto Dry-Cleaning and Paint Sealing In fact, Tidy Car dealers can offer their customers an exclusive dry-cleaning process for their car's upholstery as well as their famous paint sealing process—Preserv-A-Shine. Using special Tidy Car equipment these services can be performed more quickly and thoroughly than any traditional method. Overwhelming Consumer Acceptance The secret to Tidy Car's worldwide consumer acceptance is providing convenient and comparatively inexpensive services that protect the customer's expensive investments. Keeping an automobile looking new pays off in hundreds of extra dollars at resale. So Tidy Car services are very profitable for the customer as well as the dealer. High Profit Potential; Low Initial Investment. Even more remarkable is the low initial investment required to start a dealership—only \$3,000 USD, for which you are furnished all the equipment and supplies to make back several times your investment. Maoy Tidy Car dealers treat 100 to 300 vehicles a month earning up to \$200 per job. Master Franchises Available Some master franchises for rights to market Tidy Car processes through dealerships in specified countries are available. Tidy Car is ranked in the top 20% of U.S. franchises by the media. For more information write or Tidy Car Inc., 5205 Timberline Blvd., Mississauga, Ontario Canada, L4W2S3. Or Telex 06-980395.

PARIS AMUSEMENTS CINEMAS - THEATERS - RESTAURANTS - NIGHT CLUBS O.V. GAUMONT CHAMPS-ELYSEES - HAUTEFILLE GAUMONT LES HALLES - 14-JULIET BEAUCRENELLE - MAYFAIR P.L.M. ST.-JACQUES

Ordinary People 6 ACADEMY AWARD NOMINATIONS Paramount Pictures Presents "Ordinary People" Donald Sutherland - Mary Tyler Moore - Judith Hirsch - Timothy Hutton Music Adapted by Marvin Hamlisch - Julia Hirsch Based Upon the Novel by Judith Guest - Screenplay by Alvin Sargent Produced by Ronald L. Schwary Directed by Robert Redford

INTERNATIONAL BUSINESS OPPORTUNITIES ASBIBI ALICION ELECTRO P.O. Box 2430 - 1001 AE Amsterdam - Holland • Tel: (30) 621-7070 • Telex: 15410 mada of Cable "Audition"

SUB-CONTRACTING WANTED Malrose, Massachusetts, U.S.A. Successful, AMEX listed, vertically integrated, seasonal manufacturer of electro-mechanical consumer products seeks sub-contracting work to smooth production volume. Modern machine shop supporting selective plastic injection molding and metal stamping capabilities; Rensselaer electro-static painting and a trained work force for plastic to complete assemblies or available immediately to support your production needs. Put our skilled staff to work for you to handle your production surge, to avoid costly overtime and/or second shift operation. Greater Boston area with excellent transportation available. For prompt reply please respond to the President. Box O 1728, International Herald Tribune, 92521 Housley Codes, France.

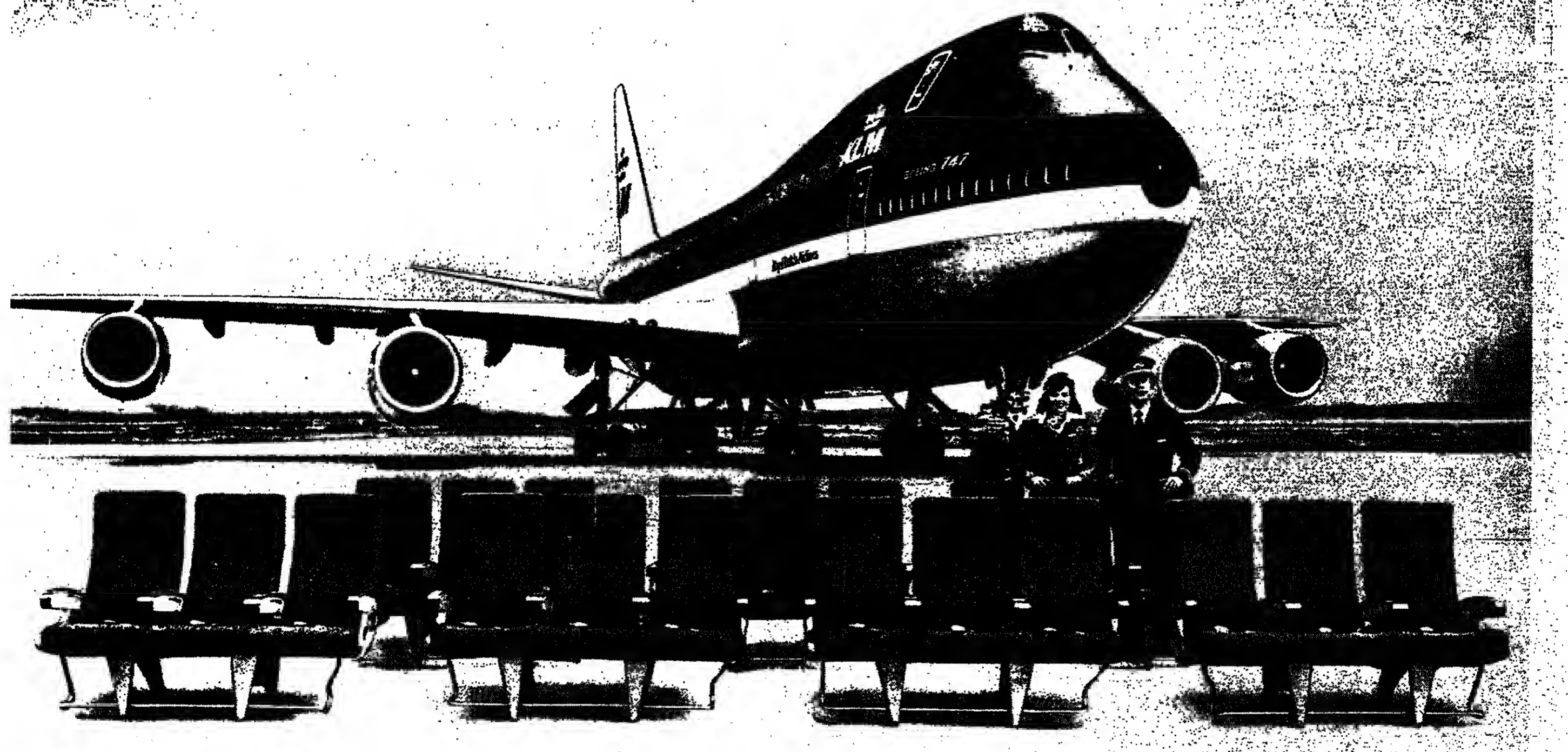
CAPITAL AVAILABLE For viable international projects, R.E., Bus., Expansion, Working Capital, Start-ups, Stand-by Letters of Credits and Bank Guarantees Available. BROKERS INVITED \$500,000 Minimum Also excellent U.S. and Foreign investment opportunities available. (Sold investments backed by International Bank Guarantees) VENTURE CAPITAL CONSULTANTS 14311 Ventura Blvd., Suite 999, Encino, California 91436, U.S.A. Telephone (818) 789-0422 U.S.A. (213) 789-0422

# NYSE Nationwide Trading Closing Prices Mar. 10

Tables include the nationwide prices up to the closing on Wall Street.

12 Month Stock High Low Div. in 5 Yld. P/E 100% High Low Close	12 Month Stock High Low Div. in 5 Yld. P/E 100% High Low Close	12 Month Stock High Low Div. in 5 Yld. P/E 100% High Low Close	12 Month Stock High Low Div. in 5 Yld. P/E 100% High Low Close
AA 12 11 1/2 0.00 10 10 1/2 10 10 1/2	AA 12 11 1/2 0.00 10 10 1/2 10 10 1/2	AA 12 11 1/2 0.00 10 10 1/2 10 10 1/2	AA 12 11 1/2 0.00 10 10 1/2 10 10 1/2

(Continued on Page 18)



We grounded 21 seats on every KLM 747-B so you can stretch your legs!

## We took 21 seats out to put more comfort in.

### You can rely on KLM for a better business class

Starting March 29, KLM gives the intercontinental business traveler more comfort to more places with more service! It's all part of our better Business Class.

**More comfort**

- We removed 21 seats from our 747-Bs for extra leg room. So you can stretch out on long business trips.
- You are guaranteed two-abreast seating on our DC-10s. The middle seat is folded down to become a convenient table.

• KLM's Business Class is more than just a curtain. It has separate cabins that are really quiet and relaxing.

**to more places**

- KLM offers Business Class services to more places around the world than any other airline.
- You can fly this intercontinental Business Class on routes between Amsterdam and the U.S.A., Canada, Mexico, Kenya, South Africa, the Middle East and most destinations in the Far East. You have separate check-in

almost everywhere to save time on the ground.

- KLM is expanding European Business Class too. You will now be able to fly it between Amsterdam and Paris, London, Manchester, Glasgow, Milan, Rome, Geneva, Zurich and Vienna.

**with more service**

- You get a choice of Business Class meals with free wine. Plus free earphones for music and movies.
- You'll enjoy free drinks too—and you'll get a

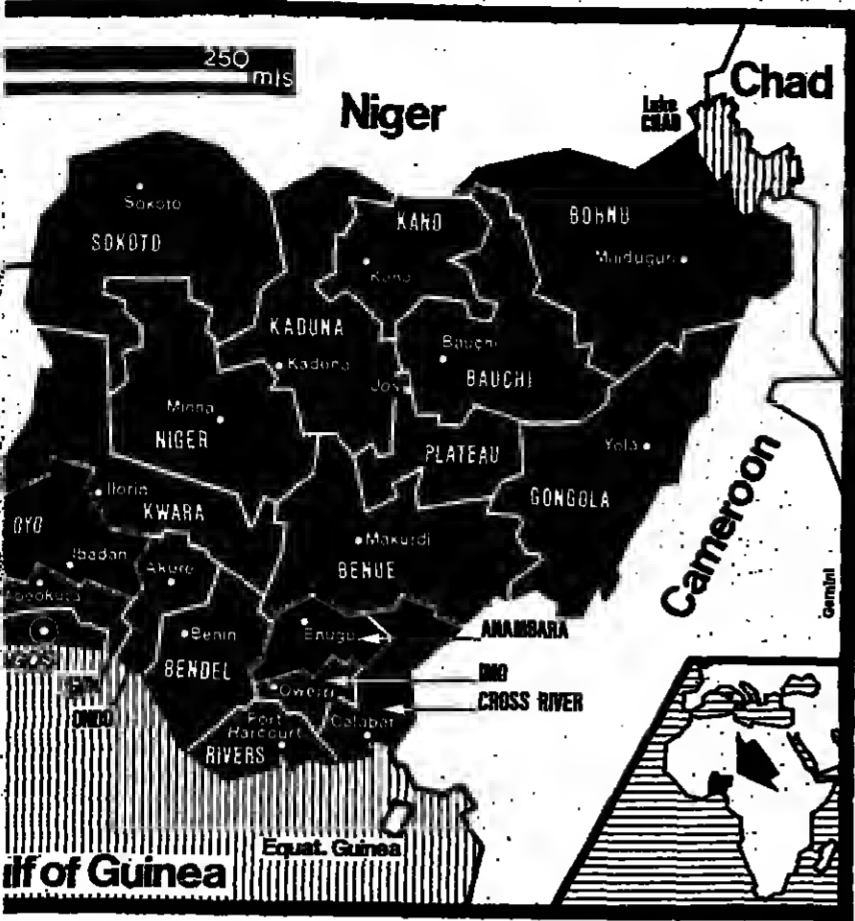
Delft-design ceramic coaster. It's part of a collection of 12.

- We'll refresh you with a hot towel before every meal, and give you a pair of comfortable flight slippers.

**KLM**  
The reliable airline of Holland

هكذا من الأهل

*April 1981*



INTERNATIONAL  
**Herald Tribune**  
 Published with The New York Times and The Washington Post  
 PARIS, MARCH, 1981  
 A SPECIAL SUPPLEMENT

# Banking and Finance in NIGERIA

## Budget Retains Priority for Agriculture, Industries

By A.M. Lukic

LAGOS — Nigeria's 1981 budget is of particular interest to investors because it is the first-year budget of the civilian administration and covers the first year of a new development plan.

President Shugu Shagari's government envisages capital expenditure of \$892 million, and recurrent expenditure of \$1.1 billion. In addition, the 19 state governments are budgeting for total expenditure of \$1.1 billion. For the whole of 1981-85, investment expenditure is put at \$2.2 billion, of which \$70.5 billion will come from the federal government and \$1.5 billion from the private sector.

Although the Manufacturers Association appears to feel this to be a gross underestimate of its investment capability, the plan for the 19 states and the federal government are expected to generate a surplus of \$1 billion, on recurrent account over the years, a seemingly impossible task for the 1981 budget, as in the past, agriculture and industries, and services are being loosened to encourage investors.

Prospects for economic growth in 1981 are good. Although the nine-month 1980 envisaged a deficit of some N1.2 billion, the final figures will show a deficit to be greatly reduced, partly because of the delayed takeoff of the budget. The deficit was caused by the time it took to bring the budget year in line with the calendar year from 1981.

The government's external reserves stood at \$5.5 billion in October 1980, compared with \$3.1 billion in October 1979, but the import bill is estimated at some N1.1 billion per month, or \$600 million in October of 1979. If the implications, the government has clear that reserves will not be allowed to fall below \$5 billion — equivalent to some months' of imports. There will be little in the import policy, which prohibits certain "nonessential" items, but government will encourage imports of capital intermediate goods essential to expand production capacity.

The budget also showed a budget surplus on account of N1.5 billion, compared with a deficit of N1.4 billion at the end of 1979, the end of military rule. But it is fully aware of the need for reform in committing Nigeria to further economic growth. He plans "functional" projects as to the gigantic prestige projects that are set up so much of the booming oil revenue of the 1970s (although the civilians are expected to complete several such projects, a new federal capital and iron and steel plants).

Nigeria's main money-earner — oil — is seen to be in a precarious position. Estimated federal revenue for 1981 is N14.745 billion, which oil should account for some 40 percent, a drop of about 12 percent on the 1980 budget, when oil's contribution to income was about 79 percent. Remaining income will come from Customs and Excise duties, company taxes and from miscellaneous sources, principally interest on and proceeds of loans. It should be noted that nonoil earnings are falling, the cost of the nonoil sector to taxation is rising, and the last nine months of 1980, income tax revenue was N11.86 billion, or at a much higher rate because early on it was lifted than expected. But the government is now holding back production. Of N4.745 billion estimated revenue, N1.5 billion will go to the federation account, N3.245 billion to the states, according to a circular. The 1981 budget estimates were based on the government's revenue expectations calculated on the revenue formula proposed in a bill then before the National Assembly. The bill has now been signed into law.

Nigeria's longer position is healthy, but the government will still have to borrow abroad to finance its programs.

The federal government's proposed N8.982 billion capital program for 1981 is to be financed by a budget surplus of N5.1 billion, loans of N1.1 billion and external borrowing for specific projects, including iron and steel, pulp and paper projects, irrigation and roads. This leaves a deficit in the program of some N1.2 billion, which will be taken care of by increased oil revenue. N82 million will also be borrowed to finance state rural development programs.

Some of the clauses in the 1981 budget, curiously debated by the National Assembly, but were held over until this year.

Government plans to continue its import substitution policy and is reducing duty on raw materials for the manufacture of

components on a sliding scale to encourage the establishment of industries in the hinterlands. For example, duty payable on imported parts rises from 20 percent to 25 percent in the Lagos area and drops from 15 percent to 8 percent for the Enugu area. It remains at 5 percent for Benchi.

Exporters will get a refund of duty paid on raw material imports. Reduction of excise duty will be graduated on the basis of local value added. There will be changes to rates of duty on a wide range of products — especially on vehicle brake pads and linings, to discourage the importation of defective parts. Imports of concentrated malt extract, plastic pipes and built-up trucks will be subject to specific import licenses. Rice and flour, while remaining on license, will be imported only through recognized government agencies.

There are no changes in the items automatically exempt from the pre-shipment inspection (the introduction of this plan in early 1979 severely depressed imports). Now that the central bank has decentralized the processing of the "Form M" necessary to importers and shippers, which was promised in the 1980 budget, it is expected that the central bank will stop exempting orders worth less than N20,000. There are no changes in existing regulations on the remittance of foreign exchange in respect to payments for imports.

The government proposes no substantial changes to credit guidelines and lending rates, but banks whose monthly loans and advances to agriculture and housebuilding fall short of the minimum prescribed rate will have to deposit the shortfall with the central bank with no interest for on-lending to these sectors. Banks will again be allowed to increase lending by 30 percent on the previous year's total, with 70 percent going to indigenous companies.

Money supply will be increased by only N1.64 billion for 1981 in an attempt to reduce the inflation rate, calculated by the government at 10 percent but generally agreed to be much higher (27 percent has been suggested in some quarters).

Nigeria's pricing policy remains tight. Manufacturers who were allowed to increase their prices by over 5 percent in 1980 are restricted to a rise of under 5 percent this year, and then only with specific government approval. Importers of heavy industrial machinery will be allowed a markup of up to 25 percent on CIF prices, but can add other approved costs as in 1980. Importers and dealers in motor spare parts will be allowed a maximum increase of 1 percent.

(Continued on Page 85)



Nigerian President Shehu Shagari: A goal of self-reliance.

## Growing Economic Giant Sets Sights on the Future

By Karan Thapar

LAGOS — Nigeria is the economic giant of black Africa. And with the inauguration of civilian rule 18 months ago, this colossus has begun establishing itself as the foremost industrial power on the continent.

In this regard, the statistics speak for themselves. The country, the world's fifth largest oil producer, has an annual income in excess of \$20 billion, a growth rate of gross domestic product of more than 8 percent, a domestic market of more than 80 million people and an unambiguous and uninhibited capitalist philosophy of development.

The result is that its new five-year plan envisages a scale of development growth that is not only phenomenal in African terms, but also particularly inviting to those foreign investors willing to risk the infrastructural, social and environmental hazards of living in Lagos.

Nigeria's new democratic masters are determined that real development should now take place. In the past, under the generals, Nigeria gifted itself with a spectacular array of modern airports, national theaters and stadiums, and independence squares, as well as a network of superhighways with "flyovers" or "cloverleaf" exchange points reminiscent of the best in Los Angeles.

NIGERIA	
Area .....	357,000 sq. miles
Population .....	80 million
Currency .....	1 Naira = US\$1.73
GDP (1978) .....	\$45.5 billion
Inflation rate (1979) .....	14%
Foreign currency reserves .....	\$7.7 billion

Waste Is Seen

No doubt in many cases these have been vital in improving the country's communications and general services, but their sheer scale was wasteful.

What was needed, but ignored, was the development of agriculture, steady industrial investment, the provision of transport, improved educational facilities for the poor, ample housing and better and more reliable power generation. The prestige projects of the military generals had given Lagos a hint of European cosmopolitanism, but now the practical and necessary moves needed to be taken.

The Fourth National Development Plan, launched by President Shehu Shagari in January, attempts just this. In his own words, it aims at "simple, functional designs, especially with respect to standard amenities such as schools, hospitals and residential buildings." Its target is "self-sustained growth and self-reliance."

This five-year development plan is the economic blueprint of the civilian government. On its success depends the long-term survival and the final establishment of Nigerian democracy.

Skewed Growth Patterns

It seeks, once and for all, to correct the previous imbalances of tribal-skewed growth patterns, to redistribute and invigorate, and to create a basis for sustained progress long after the oil taps run dry in 20 years.

It will eventually be on this plan that history will judge President Shagari and, more importantly, for his National Party, the electorate will assess his performance if he stands again for office in 1983.

This is why urgency and impressive figures surround the goals of the plan. About \$140 billion is to be channeled as new investment by 1985. Of this, \$17.6 billion is the share of a

new "green revolution" seeking to increase domestic food production and the output of cash crops, which in the years ahead must begin to replace the 2 million barrels a day of exported oil that forms 93 percent of all foreign exchange earnings.

The aim is self-sufficiency in food and the removal of such traditional exports as cocoa, groundnuts and palm oil, which declined dramatically during the runaway oil boom of the 1970s.

Industrial Plans

The same target of speedy self-reliance lies at the heart of the industrial plans. Nigeria is seeking to curtail its present import level by manufacturing at home what is so far bought from abroad. It is therefore seeking iron and steel projects, liquefied natural gas plants, pulp and paper mills, and sugar, cement, nitrogenous fertilizer and petrochemical facilities.

The attempt to develop the downstream oil-related industries, which are a natural industrial focal point for a major OPEC state, is an attempt to redeem an area hitherto foolishly ignored.

Of themselves, these targets imply that Africa's economic giant is heading toward another boom. The difference this time is that a cautious and conservative president will be holding the leash. And President Shagari has not forgotten the oil market fluctuations that crippled the last five-year development plan, nor, as a former automobile company chairman, does he need to be told of the inability of the Nigerian economy to absorb massive sums of investment rapidly.

This is no doubt why the plan, which is almost entirely financed by sales of Nigeria's oil output of 2.16 million barrels a day, nearly 50 percent of which goes to the United States, is predicated upon sound and stable oil expectations. For example, the plan only requires an increase in oil income between 1980 and 1985 of well under 50 percent in terms of current prices, a forecast that is in fact unduly pessimistic.

(Continued on Page 145)

## A Decade of Growth for National Banking

By G. O. Nwankwo

LAGOS — No observer of the Nigerian scene can remain unimpressed by the changes in Nigerian banking and finance since the end of the 1970 civil war. At that time, the Central Bank — citadel of the financial system — had only six branches. Today it has eleven branches and five currency centers and plans to open two more centers in the next two months, the objective a branch in each of the 19 states of the Federation.

In 1970 Nigeria had only 14 commercial banks, with 273 offices. Today the numbers are 20 commercial banks with more than 800 offices. Only one foreign bank had a representative office in Nigeria in 1970; today seven do. And merchant banks have multiplied from one in 1970 to six today.

Developments in the capital market are equally spectacular. In 1970, about 25 insurance companies operated in the country; today there are 67, including the federal government-owned Nigerian Reinsurance Corporation established in Lagos in 1977 by 42 African countries.

Only one development bank existed in 1970; today there are four in the country.

Other developments include the transformation of the Lagos Stock Exchange, established

in 1960, to the Nigerian Stock Exchange, with branches in Lagos, Port Harcourt and Kaduna, and the establishment in 1977 of the Nigerian Securities and Exchange Commission, an offshoot of the former Capital Issues Commission, set up in 1973.

Growth in Assets

Side by side with numerical growth is the growth in the system's assets and liabilities. The Central Bank of Nigeria, for example, had a total assets-liabilities of 6.6 billion Naira at the end of 1979; the 1970 figure had been N432.3 million. In 1980, total assets-liabilities of the commercial banks amounted to N15.2 billion against N1.2 billion in 1970. For merchant banks, the 1970 liabilities-assets of well below N1 million had grown to N945.1 million in November 1980.

In 1970, the total premium of the insurance companies was only N16 million; at the end of the decade this had increased to about N300 million. On the stock exchange, the number of transactions increased from 634 in 1970 to 7,138 at the end of 1980, with value increasing from 16.6 million in 1970 to 389 million in 1980.

While this internal growth was taking place, structural changes also were occurring. If in 1970 there were expatriate and indigenous banks, the profile now is one of indigenous and mixed banks, i.e.: banks with indigenous and foreign ownership. Similarly, while the federal government confined itself to development and central banking until 1970, today it owns majority shares in all but about two mixed banks and the Nigerian National Reinsurance Corp. In the process, some banks have changed their names. The former Standard Bank of Nigeria, Ltd., and Barclays Bank of Nigeria, Ltd., are now First Bank of Nigeria, Ltd., and Union Bank of Nigeria, Ltd., respectively.

The Central Bank has been in the forefront of this growth and development. Established in 1959 and equipped with the arsenal of control techniques available to central banks the world over, the CBN defied the assumption that a central bank in a developing economy such as Nigeria's would be an "expensive luxury."

Instead of emphasizing the traditional func-

tions (which would have been ineffective in an undeveloped financial environment), the CBN emphasized its development functions. These include an effective machinery for monetary management and for the development and regulation of the financial system; localization of the credit base to take account of the monetary and economic conditions of Nigeria rather than to be well above \$400 million.

The World Bank is choosy about its customers. Yet it would seem that, if anything, the bank's Washington headquarters, while speaking highly of Nigeria, needs to be persuaded that such a big commitment is justified.

One of Six

In the eyes of the World Bank, Nigeria is one of the six countries in the Western African region in which aggregate growth has been satisfactory. The annual report notes that Nigeria is one of the few countries in the region to be in a net surplus position, whereas most others suffered a severe deterioration in their external positions. Nigeria's reserves, in contrast to the region as a whole, have improved over the last two years.

By the end of June, 1980, total World

## World Bank Loans May Top \$400 Million

By Alex Rondos

LAGOS — With about 1.2 billion Naira to be borrowed offshore to finance projects in the current budget, the role of one particular institution is often overlooked. Nigeria is the World Bank's largest borrower from Africa, and it is a link that is expanding, in spite of Nigeria's apparent riches from oil.

For the fiscal year 1980, which ends in June, the World Bank and its affiliates extended credits and loans to Nigeria worth \$286.3 million. This year the figure is likely to be well above \$400 million.

The World Bank is choosy about its customers. Yet it would seem that, if anything, the bank's Washington headquarters, while speaking highly of Nigeria, needs to be persuaded that such a big commitment is justified.

Emphasis has therefore been placed on the agricultural sector. Since 1971, the World Bank has approved loans for 19 agricultural projects, of which three are generally acknowledged to have emerged with impressive results.

These are the northern projects in Funtua, Gombe and Gusau. Their success, in the view of the federal government, has proven the value of planned agricultural development, or what is otherwise referred to as integrated rural planning. These three projects have managed to develop under a reformed administrative structure that leaves over-all state control intact, while permitting autonomy in the day-to-day management.

The success of the projects has resulted in both the federal and state governments wanting to reproduce the project throughout the federation and also to expand it on a statewide basis. The latter suggestion, while attractive, and undoubtedly flattering to the World Bank, would pose major problems of administration, particularly given the already-striking shortage of trained manpower.

Manpower Needed

Given the laws in Nigeria about the hiring of expatriate workers, there is some pressure, which has been corroborated privately by Nigerian planners, to channel requests for much-needed manpower through the World Bank.

Other projects include farm support services and feeder and farm roads in Ondo state, which should help 70,000 farm families. In Oyo state, \$69.4 million has been invested in farm support services and physical infrastructure to improve the incomes of about 55,000 smallholder farm families.

Lagos has already benefited from a substantial loan to expand the electricity supply to meet the city's rising demand, while the federal highway authorities will receive assistance for the improvement of federal roads.

Urban development in Bauchi is another target for World Bank investment.



# Merchant Bankers Adjust to Constraints, See Attractive Long-Term Market

Lagos — The expansion of merchant banking in Nigeria was a phenomenon of the 1970s. Banks were given a broad license, which included doing capital market work in an economy that was expanding with oil prices. The last development plan reflected the financial aspirations of the Nigerians, and for a merchant banker there was the additional incentive of expansion of a still-limited capital market following the decree issued to keep a certain percentage of the economy indigenous.

The actual performance of the five merchant banks has reflected the constraints — and opportunities — of operating within a financial system that has a restricted capital market but also lacks a legal structured role of a merchant bank. As result, it was only until the last year or two that one has seen a clearer role emerge for a type of banking that had become practically indistinguishable from commercial banks in Nigeria.

With assets and liabilities totaling 644 million naira at the end of 1979, the last official date for published statistics, they pale somewhat behind the N11.238 billion assets and liabilities of the commercial banks.

**Comparison Significant**

The comparison is significant because it places in perspective the issue that commercial bankers have been inclined to complain

against; namely, the apparently successful poaching by merchant banks into commercial bank short-term lending territory. The authorities have reacted through their annual guidelines.

The story of merchant banks' recent experience in Nigeria is an instructive one.

It was not until 1976 that merchant banks were dealt with separately in the central bank's annual credit guidelines. It was then that it became apparent that the overlapping of roles between commercial and merchant banks had become too great, especially where facilities for international trading were concerned. Merchant banks were expected to be medium-term lenders, but they were encroaching on commercial banks' short-term lending. Income statements showed that fee-related business had proven highly profitable. There have been large percentage increases in the overall contribution of letter-of-credit fees.

**2-Percent Figure**

One banker has calculated that a merchant bank letter of credit opened in Nigeria can earn 2 percent, in contrast with the one-twentieth of 1 percent that a New York customer might pay.

While the high return on assets might be a tempting explanation for the course that merchant banking appears to have taken, it would be unfair to conclude that this has

## Merchant Banks' Sources and Applications of Funds

	(N million)			
	1978		1979	
	Sources	Application	Sources	Application
<b>Assets</b>				
Cash and cash items	—	24.3	—	13.7
Balances held with other banks	—	5.9	—	9.2
Loans and advances	—	84.7	—	32.0
Investments	32.5	—	—	34.2
Equipment on lease	—	0.9	—	2.2
Other assets	—	21.8	—	99.1
<b>Liabilities</b>				
Capital and reserves	3.2	—	4.9	—
Balances held for other banks	3.1	—	—	5.5
Money at call	23.7	—	—	8.0
Deposit	37.1	—	48.0	—
Certificates of deposit	—	2.7	—	21.7
Other liabilities	40.7	—	129.3	—
<b>TOTAL</b>	<b>140.3</b>	<b>140.3</b>	<b>203.9</b>	<b>203.9</b>

Source: Central Bank of Nigeria annual report, 1979.

been a conscious policy of their part.

Merchant banks are smaller and more efficient than commercial banks. In Nigeria, letters of credit are highly sophisticated. Because of the exchange controls and the import inspection plan, in addition to limited qualified manpower, such transactions have been known to take weeks. When a merchant bank can offer such a service

in a matter of days, the service is welcomed. Given the changes in exchange rates, time lapses of a few weeks can prove costly.

In spite of such conditions in the market pulling merchant banks toward short-term lending, the authorities have, through the credit guidelines, imposed clearer requirements aimed at steering the merchant banks toward their prescribed role. The latest guidelines

stipulate that a minimum of 40 percent of their loans and advances are to be medium- and long-term, with maturity of not less than three years. Not more than 20 percent will go to short-term loans, that is, those of less than 12 months, and a maximum of 15 percent of total assets is to be in equipment lending.

The constraints which the merchant banker in Nigeria faces can

best be considered severe but temporary. The early history in the 1960s was marked by a severe setback when the central bank took over the financing of the produce bills of the marketing boards in 1968. The regulations of the Nigerian Stock Exchange tend to be restrictive of the listing of stocks and have further reduced the variables within the Nigerian capital market. The combination of an undeveloped money market and the managed interest rates, in the view of one banker, limits the freedom with which some merchant banks would like to operate.

On balance, however, Nigeria offers interesting prospects. And the merchant banks feel they have advantages. There is room to be competitive, they offer efficiency by providing a different type of capital and are able to draw on corporate finance.

Furthermore, all merchant banks are unanimous that in the last six years the Nigerian economy has shown itself to be a particularly attractive market for those looking to the long term. There are three major developments in the last period to which they point.

In the early 1970s, banks managed to make do through the existence of the Nigerian Acceptances Ltd. and the issue of treasury certificates by the Nigerian authorities during the civil war. But it was the Nigerian Enterprises Promotion Decree in 1972 which initially

sought to indigenize 40 percent of the expatriate-owned businesses that released a new wave of demand for securities.

**Oil Boom**

The boom in oil production in the mid-1970s swelled Nigeria's foreign exchange reserves and coupled with this the authorities brought out the Third Development Plan of 1975-80, which called for investment of N30 billion, a substantial increase on its predecessor.

With the Fourth Development Plan projecting expenditures in excess of N80 billion and the inevitable confidence that will attend the need to finance such a plan, it is difficult for anyone in the merchant banking community to feel pessimistic about the future.

It is to note that the extension of the variety of services offered that merchant banks will be looking. The first major unsecured debt issue of N15 million will soon be presented. Though this may be an isolated case, it is seen as just the thin start of a welcome edge. With the increasing demands by the government on participation in agriculture, merchant banks will be extending their advisory capacity. It is in fact in advisory and management services and its corporate financing that merchant bankers feel that they will have to plunge in the coming years.

## The Naira Value Key To Trade

Lagos — A sound monetary policy, based on a realistic assessment of the country's resources, is essential for the successful development of the whole economy.

That is, according to a report published in the Naira Value Key To Trade, a book published by the Central Bank of Nigeria.

The book, which is the first of its kind, is a comprehensive study of the naira's value and its effect on trade and the economy.

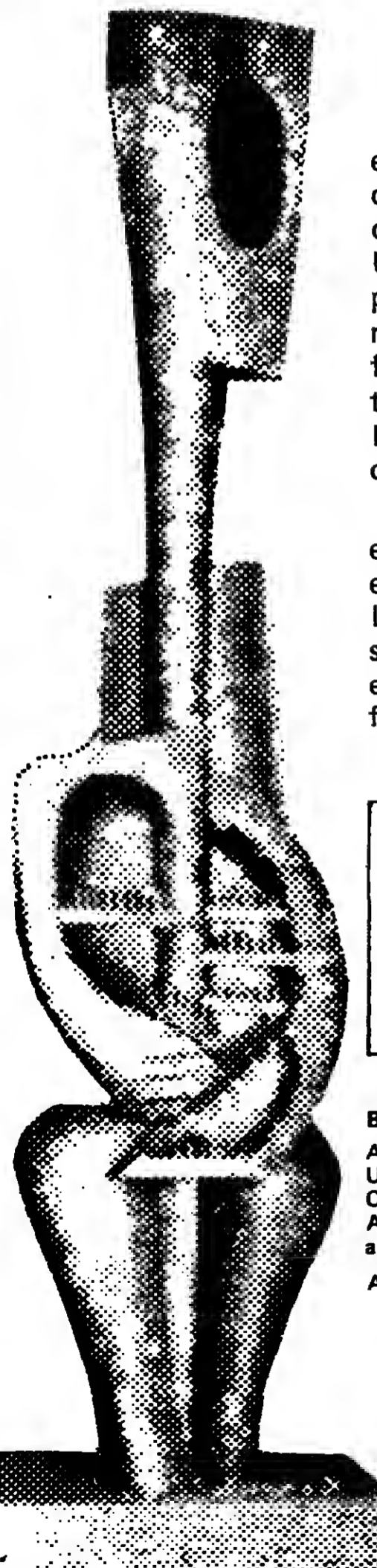
The report states that the naira's value is a key factor in determining the country's trade position. It notes that a high naira value leads to a trade deficit, while a low naira value leads to a trade surplus.

The report also discusses the factors that influence the naira's value, such as the balance of payments, foreign exchange reserves, and the government's monetary policy.

The book is intended for policymakers and the general public alike. It provides a clear and concise analysis of the naira's value and its impact on the Nigerian economy.

# UNITED BANK FOR AFRICA

## —the most preferred bank for business with Nigeria



Many foreign banks, corporations, exporters and investors who have done business with Nigeria prefer to channel their transactions through United Bank for Africa. This preference stems from the good results which they have obtained from trained and seasoned staff in the specialised departments of our International Division in Lagos and our branches throughout Nigeria.

Our determination to protect this enviable reputation and our desire to earn Nigeria a good name in International business obliges us to strive continuously to offer those extras which distinguish our services from those of other banks.

These services include information on business opportunities and credit, opening of Letters of Credit, processing of bills for collection, money transfers, advice and guidance on local laws and customs and a lot more.

In all these areas, our close links with over 200 major banks, five of which are represented on our Board of Directors enable us to follow through faster and more efficiently to your home base.

It makes sound business sense to channel all your business in Nigeria through the United Bank for Africa — the most preferred bank for business with Nigeria.

Liabilities, March 31:			Assets, March 31:		
	1980	1979		1980	1979
	N'000	N'000		N'000	N'000
Shareholders' Funds	77,208	65,228	Cash & Banks	762,991	497,169
Deposits etc.	1,638,286	1,219,578	Investments	39,883	39,961
Contra Items	772,169	516,155	Loans & Discounts	864,836	703,004
Unappropriated Profit	389	362	Contra Items	772,169	516,155
			Other Assets	48,173	45,034
<b>TOTAL</b>	<b>2,488,052</b>	<b>1,801,323</b>	<b>TOTAL</b>	<b>2,488,052</b>	<b>1,801,323</b>

N1 = US\$1.828; Sfr. 0.781; FF 1.4276

**Branches throughout Nigeria:**

Apapa, Ebute-Metta, Falomo, Idumagbo, Iganmu, Ijora, Ikeja, Ilupeju, Lagos Central, Lagos East, Lagos University, Marina, Enugu, Onitsha, Benin City, Effurun, Sapele, Warri, Bui, Maiduguri, Calabar, Abuja, Owerri, Kaduna (two), Zaria, Bayero University, Jos, Kano, Mallam Maduri, Ilorin, New Bussa, Suleja, Abeokuta, Akure, Ibadan (three), Port-Harcourt (three), Sokoto, 27 Rural Branches and Nigeria Airways and Airport Authority Cash Office.

Associated banks in France, U. K., Italy and U.S.A.



# U.B.A

UNITED BANK FOR AFRICA LTD.  
Head Office Address: 97/105 Broad Street, P. O. Box 2406, Lagos Nigeria.  
Tel: 664866, 664010, 664740, 661224, 664980. Telex: Mindobank 21241 & 21580.

## Priorities: Agriculture, Industries

(Continued from Page 7S)

percent on CIF prices, but again local costs can be added.

There are several changes proposed to the income policy. In 1981, companies will be allowed to declare as dividends only up to 60 percent of after-tax profit instead of having the option of declaring 25 percent of paid-up share capital if higher than 60 percent of after-tax profits. This had enabled some companies with low profits to pay higher dividends last year. The government plans to forbid the creation of bonus shares on the basis of a revaluation of assets.

No changes are proposed in the existing regulations concerning management fees, technical service fees, royalties and directors' fees. Company tax remains at 45 percent. The government proposes a two-tier withholding tax at 12.5 percent for residents and 15 percent for nonresidents, which it justifies by the wide-ranging tax rates in overseas countries. Despite the fact that this is better for investors than an original proposal for a 25 percent withholding tax rate, it might still be seen as a deterrent to investment, despite government claims to the contrary.

Because of constant complaints about delays in issuing tax clearance certificates, the govern-

ment plans to introduce a number of measures to speed up the procedure. There are some changes to the tax rates.

The president included in his draft budget a mention of plans to provide opportunities for overseas investors. These are linked to the recently established Industrial Development Coordination Committee, which promises to give a decision on all aspects of establishing a company in Nigeria within four weeks of application.

As stated in the Ministry of Industries' guidelines to investors, priority is being given to investment in agriculture and manufacturing. The incentive package for industrial entrepreneurs has been substantially modified. Education and housing are two other fields offering opportunities. The construction industry, in particular, should benefit here and at the federal capital territory of Abuja, where some of the main contracts are to be awarded this year.

In addition to the N259-million capital expenditure allocated to Abuja in the budget, an additional N350 million, representing Abuja's share of federal account, will be made available. The government plans to modify the 1973 Companies (Special Provisions) Decree to widen the scope for overseas companies, with Abuja's development in mind.

### The budget sets up opportunities for overseas investors.

ment plans to introduce a number of measures to speed up the procedure. There are some changes to the tax rates.

The president included in his draft budget a mention of plans to provide opportunities for overseas investors. These are linked to the recently established Industrial Development Coordination Committee, which promises to give a decision on all aspects of establishing a company in Nigeria within four weeks of application.

As stated in the Ministry of Industries' guidelines to investors, priority is being given to investment in agriculture and manufacturing. The incentive package for industrial entrepreneurs has been substantially modified. Education and housing are two other fields offering opportunities. The construction industry, in particular, should benefit here and at the federal capital territory of Abuja, where some of the main contracts are to be awarded this year.

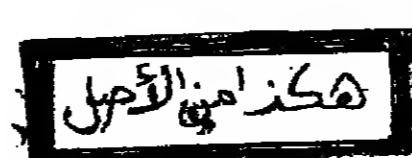
In addition to the N259-million capital expenditure allocated to Abuja in the budget, an additional N350 million, representing Abuja's share of federal account, will be made available. The government plans to modify the 1973 Companies (Special Provisions) Decree to widen the scope for overseas companies, with Abuja's development in mind.

## INTERNATIONAL Herald Tribune

SPECIAL SUPPLEMENTS

Lee W. Huelmer, Errol G. Ransperger Publisher Executive Editor

Richard H. Morgan, Director of Advertising







## National Financing Structure: Vital Backing for Agriculture

Imagine a farmer about four or five acres. He is asked to increase his yield. He is advised that the price of improved seed and fertilizer will rise. The farmer will borrow. He will either go to a moneylender or to a bank. The moneylender will charge high interest and will not offer any security. The bank will offer a loan at a lower rate but will require security. The farmer might even be able to get a loan from a village moneylender. He is a landowner and he can offer no security. The land is not used as security because of Nigeria's Land Use Decree which requires that the land be occupied by the farmer. The farmer has to have a certificate of occupancy, and the farmer has to have a title deed. It is simplistic, one might say, to say that the basic problem is that a country as large as Nigeria has no security. The basic problem is that a country as large as Nigeria has no security. The basic problem is that a country as large as Nigeria has no security.

According to the outlined Fourth Development Plan, Nigeria is to be self-sufficient in food and cash crop production to be fully reviewed within seven years. This is the fundamental objective of the "green revolution" to which President Shagari's civilian administration committed itself when it came to power in October 1979. In the meantime, food imports have, according to one estimate, increased by 45 percent in the last four years. Cash crop production has continued to decline, with cocoa purchases in 1979 standing at 162,118 tons against 165,000 tons in 1977; cotton fell in the same period from 181,100 tons to 117,399; peanuts from 140,000 tons to a mere 53, and palm kernel from 301,900 to 222,756 tons. Rice is imported by quota, and has been the subject of some controversy recently.

of Nigeria — is the guarantor of up to 75 percent of loans made by commercial banks in the agricultural sector. Commercial banks, under the Central Bank's credit guidelines, are required to commit eight percent of their loans and advances to agricultural production. The Agricultural Credit Guarantee Scheme is still young but the evidence suggests that it will be successful. It has managed to reinforce the commercial banks' shaky attitude toward the rural sector. Last year the banks satisfied the Central Bank by meeting the guideline requirements. However, this does not prevent major impediments in development of a close relationship between banker and farmer.

### An Unsolved Problem

The Rural Banking Scheme has gone some way in alleviating the problem of low banking density in rural areas, although it can be argued that having a bank in some small town is not quite the same as going out to the farmer and selling one's services. But while the eligibility of the borrower and the matter of his security remain unestablished it is difficult to see how confidence in farmer-banker relations can develop.

### Credit Difficulties

With 90 percent of Nigeria's agricultural output produced by the small farmer, and despite the intention to encourage large-scale enterprises in this sector, the problem of supplying credit is clearly recognized in the Fourth Development Plan.

"Access to institutional credit is virtually non-existent for the average farmer due to inability to satisfy set conditions," the plan says. "Even when some form of credit is available returns to investment are typically low, given the low production capacity and the limitations of the traditional agricultural system. Direct lending schemes have tended to favor corporate large-scale farms and farmers who possess adequate collateral."

The key to the present structure has been the formation of the Agricultural Credit Guarantee Scheme. Under this plan, drawn in 1977 as part of the military government's attempts to improve agricultural production, the government — through the Central Bank

One expert has stressed that so long as the farmer cannot obtain the certificate of occupancy required under the reforms of the Land Use Decree, there is no way in which he can prove his loan eligibility, let alone offer security. One of the characteristics of the Nigerian banking system is that banks are highly liquid. It is therefore difficult for them to face the protracted amortization that is a feature of lending in the rural sector. Then there is the problem of supervision of loans to avoid diversion of the money. The consensus is that little will be achieved until more trained banking staff emerge from the system.

Two very different methods of borrowing do exist, however, and should be seen as part of an entire system. Bankers are now being advised that if a farmer can neither prove his eligibility nor offer adequate security, then the assurances of the local "big man" should be acceptable. Of course this is an interim practice.

The signs of healthy cooperation have been encouraging — some of the few bright spots in Nigeria's credit structure. There is little doubt that banks would prefer dealing with a bulk borrower like a cooperative to dealings with small farmers.



WHERE THE MONEY IS: Oil, the driving force of Nigeria's economy, is processed at a Nigerian refinery.

## A Decade of Growth for Banking

(Continued From Page 15)

than prevailing conditions in foreign countries, and improving Nigerian access to bank credit with an enlarged system of distribution and allocation.

Other development functions that the CBN emphasizes are provision and organization of development finance for government and private sectors; development of the banking habit through improvement in institutional arrangements, accessibility, costs and convenience of banking facilities; mobilization of domestic savings; eradication of malpractices in Nigerian banking; and training personnel for the banking industry.

By thus emphasizing development rather than traditional functions, the CBN seems to have opened new dimensions in African central banking. Three examples illustrate this.

### Expanding Guidelines

First, taking into account the country's undeveloped financial environment, the CBN discarded the traditional techniques of open market operations, variable liquidity ratio and bank rate. With the magnitude of problems making moral exhortation ineffective, the CBN relied on direct action to control the volume, direction and cost of money and credit in the economy through its annual monetary policy guidelines started in 1969.

Limited at first to commercial banks, but extended in 1976-1977 to cover merchant banks and in 1978-1979 to insurance companies, these guidelines cover interest rates and rendering of returns, credit ceilings and percentage shares, as well as prices and allocations for preferred sectors and others.

In addition to controlling volume, direction and cost of money and credit in the country, the guidelines have enabled the CBN to influence the operational orientation of commercial and merchant banks. They have ensured that the preferred sectors — including manufacturing, agriculture and residential housing — get increased allocation of credit at more favorable rates of interest than the less preferred sectors (general commerce and others). As a result of the guidelines, the share of commercial bank loans and advances to the preferred sectors increased from 32.6 percent at

**The outlook for Nigerian banking in the next decade: More sophisticated services will be demanded of the banks in the 1980's...**

the end of 1970 to 70.3 percent at the end of 1979, while the share of the less-preferred sector declined from 61.5 percent to 29.7 percent during the same period.

As a result of special emphasis on agriculture and residential housing, these two sectors began in 1978 to attract specific allocations at concessional rates of interest.

In 1980 a policy was instituted that required banks to deposit (at no interest to themselves) any shortfalls from the minimum ratios to these sectors with the CBN, which would then lend the equivalent of the shortfalls to the Nigerian Agricultural and Cooperative Bank in the case of agriculture and the Federal Mortgage Bank in the case of housing loans for lending to the agricultural and residential housing sectors.

### Increased Agricultural Credit

The second illustration of the development orientation of the CBN in the 1970s is the Agricultural Credit Guarantee Fund Scheme. Established in 1977 with a fund of N100 million, 60 percent of which is subscribed by the federal government, the plan guarantees loans granted by commercial and merchant banks for agricultural production with the aim of increasing credit to the agricultural sector.

For the first eight months of its operations in 1978, the plan guaranteed 341 agricultural loans amounting to N113 million. In 1979 a total of 1,105 loans amounting to N33.6 million was guaranteed by the plan, while in 1980 the figures were 945 loans amounting to N31 million.

There is, third, the rural banking plan, which also was begun in

1977. Aimed at providing banking facilities in rural areas, the plan directed commercial banks to establish within three years ending in June 1980, a total of 200 rural branches throughout the country. In July, 1980, the second three-year plan was begun under which commercial banks are expected to open 266 additional rural branches in the three years ending in June 1983.

In spite of these developments, it must be emphasized that Nigerian banking and finance is ill-equipped to satisfy completely the country's aspirations for faster development in the 1980s. For a country as large and potentially rich as Nigeria, 26 banks and 800 bank offices are inadequate. More banks should be encouraged to set up shop in the country and vigorous branch expansion should be encouraged partly by intensification of the rural banking plan and decongestion of urban areas.

The banks must continue to be persuaded, even pressured, to change their operational posture and adapt to faster development. Bank lending is still essentially short term and the attitude toward customers essentially indifferent.

As faster development calls for more medium- and long-term lending to the productive sectors of the economy and the training and nurturing of indigenous entrepreneurs, effective marketing of financial services calls for a change from armchair to dynamic banking.

There is an urgent need, too, for the development of private-sector instruments that can be traded in the money and capital markets to redress the present situation in which government instruments dominate the two markets.

Finally, there is an imperative need to step up training and executive development programs in the banking industry in order to exploit the country's bright prospects.

More sophisticated services will be demanded of the banks in the 1980s in response to changes in the nature of the businesses they are called upon to finance and to increased knowledge and discrimination among their customers.

G.O. Nwankwo is executive director of the Central Bank of Nigeria and the author of "The Nigerian Financial System," published by Macmillan.

questions, therefore, are: How do we have the structures to finance agricultural production and give it its dramatic boost? And, does all farmer have access to credit? The answer to the first question is that the basic framework is there although not used. Commercial banks are obliged to have branches in rural areas; the Central Bank has a fund to finance agricultural development bank, the Agricultural and Cooperative Bank, has been revitalized in the cash-crop sector through commodity boards controlled by the Central Bank. There are encouraging signs of co-operation working successfully. Institutions have the task of guaranteeing credit in the 1980s to reverse the hard fortunes of the Nigerian.

m Market  
Promotes  
Agriculture  
Industries

## NAL Nigerian Acceptances Limited

The Premier Merchant Banking Institution in Nigeria (Established in 1960)

Our comprehensive range of banking services include:

- DOMESTIC AND INTERNATIONAL BUSINESS
- ★ ACCEPTANCE CREDITS
- ★ SHORT & MEDIUM TERM LOANS AND ADVANCES
- ★ DOCUMENTARY CREDITS
- ★ CERTIFICATES OF DEPOSIT
- ★ EQUIPMENT LEASING
- ★ PROJECT FINANCE
- ★ FOREIGN CREDITS

### CORPORATE FINANCE:

- ★ GENERAL CORPORATE FINANCIAL ADVICE INCLUDING
- COMPANY FLOATION
- PRIVATE PLACEMENTS
- STOCK EXCHANGE QUOTATION
- MERGERS AND ACQUISITIONS
- CAPITAL RECONSTRUCTION
- TRUSTEESHIP
- INVESTMENT ADVISORY SERVICES
- PORTFOLIO MANAGEMENT
- ISSUE OF GOVERNMENT BONDS & LOAN STOCKS
- ISSUE OF EQUITIES, PREFERENCE & DEBENTURE STOCKS

### CORRESPONDENTS INCLUDE:

- Commerzbank
- Continental Illinois National Bank and Trust Company of Chicago
- Credit Lyonnais
- Credit Suisse
- First National Bank of Boston
- Grindlays Bank Limited
- Hill Samuel & Co. Limited
- Lloyds Bank Limited
- Midland Bank Limited

### HEAD OFFICE:

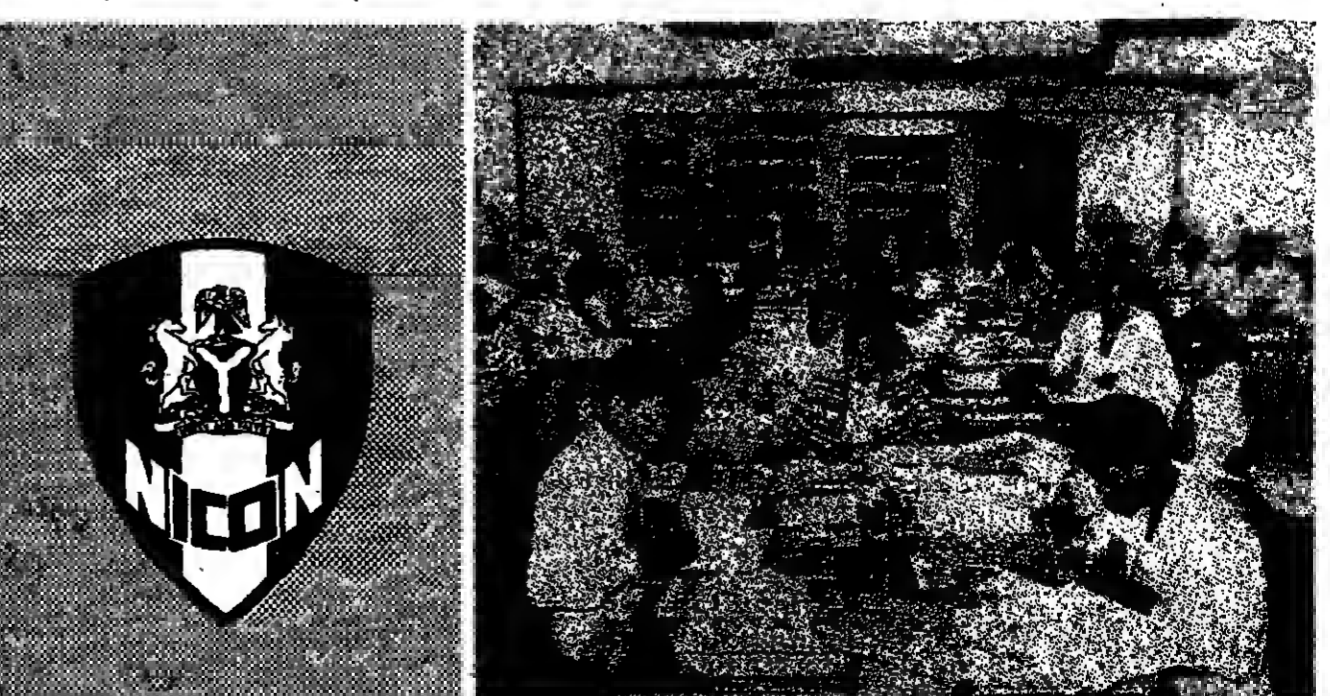
BOOKSHOP HOUSE, 50/52, BROAD STREET, P. O. Box 2432, LAGOS, NIGERIA.  
Telegrams and Cables: - Acceptor, Lagos. Telephones: 633222, 633294, 635843,  
TELEX: 21505 ACEPTO, NG.

### BRANCH OFFICES

KADUNA: IMAM HOUSE, AHMADU BELLO WAY, P.M.B. 2172, KADUNA, NIGERIA.  
Telegrams and Cables: ACCEPTOR, Kaduna. Telephones: 213667, 242476.  
TELEX: 71328 ACEPTO NG.

OWERRI: 19, ONITSHA ROAD, P.O. BOX 53, OWERRI, NIGERIA.  
Telegrams and Cables: ACCEPTOR, Owerri. Telephone: Owerri 230363.

# NICON know what insurance is all about — that's why we have been growing and maintaining our leadership



Insurance is a business vast and complex. So ten years in the life of an establishment in the insurance industry is very short.

But NICON — National Insurance Corporation of Nigeria — have been enjoying a considerable rate of growth in ten years through our knowledge and understanding of the insurance business.

You will discover what we mean when you call on us for advice on insurance regarding Life, Vehicles, Theft, Fire, Cash/Goods in Transit, Group Pension Schemes, Marine, Aviation and Workmen's Compensation.

We offer free advice but yet honest and trustworthy. We see to it that the usual stresses and strains encountered by clients during claims disappear thereby ensuring quick settlements. Our clients have never had cause to complain.

We have grown from a single office in 1969 to 14 branch offices in 1979. A rare feat of achievement — a testimony to our expertise.

As we move into the years ahead we will always have the satisfaction of our clients in mind to enable us continue to grow and maintain our leadership.

YOU'RE BETTER PROTECTED BY THE GROWING FEDERAL MIGHT.

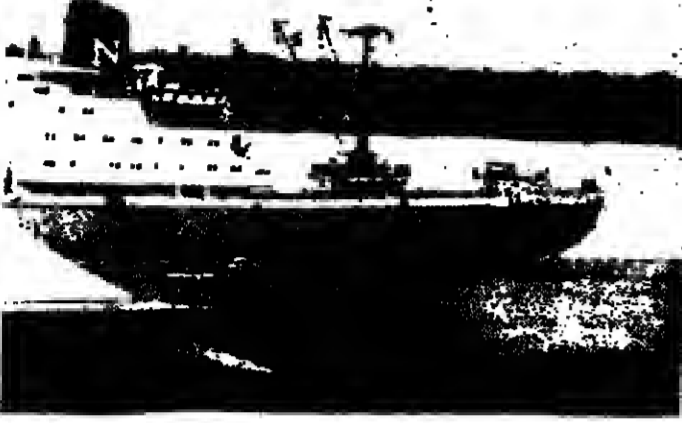
## NATIONAL INSURANCE CORPORATION OF NIGERIA

Head Office: 66/102 Broad Street, P.O. Box 1100, Lagos. Telephone: 662706  
Lagos Office: 118/120 Broad Street, Lagos. Telephone: 22851  
Branches: 24 Broad Street, Lagos, P.O. Box 1586, Kaduna, Tel: 212880, 211035; 37 Eke Avenue, Umuahia, P.O. Box 240, Enugu, Tel: 2297; Cocoa House, (14th Floor), P.M.B. 5452, Reading, Tel: 410465; 136 Post Office Road, Kano, Tel: 3256, P.O. Box 2045, Kano; 92 Ashikwara Road, P.M.B. 7100, Abuja, New Nigerian Bank Building, Ahmadu Bello Way, P.M.B. 2085, Jos; Sardauna Kura Road, Plot 730, P.M.B. 1256, Maiduguri, Tel: 2258; Ironsides House, P.M.B. 1342, Benin City; 45 Basheer Street, P.O. Box 872, Calabar, Tel: 22281; Ahmadu Bello Way, (Opposite Glass Garage), P.O. Box 615, Sokoto, 38 Marafa Mohammed Road, P.O. Box 420, Ilorin, Tel: 6234; 67 Oshinola Road, P.O. Box 1214, Akure, 24 Iwere Road, 11st Floor, P.O. Box 1228, Port Harcourt, London Office: Forum House, 15-18 Lymington Street, London EC3M 7NB.



# PORT OF WARRI

- \* 1600 metres quay Length and 11.50m MS & W dredged depth
- \* Channel at Escravos Bar to be 6.40 metres chart Datum
- \* Takes Vessels with up to a draught of some 9.50 metres
- \* Four transit Sheds, two warehouses, each 180m by 40m in size
- \* Modern Cargo handling equipment.



## npa NIGERIAN PORTS AUTHORITY

26/28 MARINA, LAGOS, NIGERIA. P.M.B. 12588, TELEPHONE: 655020.



## The History of a 'Decided Convenience'

By Peter Thisde Suffern

LAGOS — When the shareholding patterns of banks in Nigeria were changed a few years ago, to give Nigerian interests at least 60 percent of the equity, the Standard Bank of Nigeria changed its name to the rather grand title of First Bank, since it could show a direct line of descent from the first bank to open in Nigeria, almost 90 years ago. When that first bank started its activities the British coastal colonies had not yet evolved into their final shape and the economy of West Africa was very different as well.

It was the first manager of the British Bank of West Africa (BBWA), George Neville, who advanced the money which enabled the Governor of Lagos, Sir Gilbert Carter, to launch the Nigerian rubber industry. In 1893 that industry exported 56 pounds of rubber, worth 3 pounds sterling; in 1906 it exported 927,627 pounds worth more than £91,000. (Last month the managing director of the Nigerian Rubber Board announced plans to plant 10,000 hectares of rubber, largely to feed domestic rubber factories.)

George Neville was, in effect, the father of the BBWA. An agent at Lagos for Elder Dempster, the shipping group, he had been on the African coast since the 1870s. When he went to England to leave in 1891, he proposed to Elder Dempster that Alfred Jones, who had been the company agent in West Africa, should be invited to join Elder Dempster. Within a year he was senior partner and had merged Elder Dempster's British and African Steam Navigation Company with the African Steamship Company for which it was agent.

By 1902 Elder Dempster was describing itself as "the largest shipping owners in Britain" and "one of the largest commercial houses in the world." It had a near monopoly on shipping to West Africa: owned all mills in Africa, coaling stations in the Canary Islands and elsewhere, a hotel at Sekondi and others in Jamaica, Britain's first British banana-importing and distributing firm, gold mines, engineering firms, a stevedoring business, engineering firms and others connected with the shipping business. All of them had seemed to come naturally in the wake of Alfred Jones.

When Neville suggested to Jones that bank facilities were urgently needed, Jones told him to try to persuade an existing bank to start a branch in Lagos. Neville approached the African Banking Corporation (ABC), which had just opened for business in South Africa. The ABC board accepted Neville's plan and appointed him agent. It took some prodding from Alfred Jones to get the Colonial Office and the Crown Agents, who had hitherto been responsible for new-silver shipments, to agree to sole silver-import rights and government banker, though the latter idea was warmly welcomed by officials in West Africa.

The bank opened for business in September 1891 but soon hit snags. In October the London manager, at the request of Lagos, asked the Crown Agents to issue an order on the Royal Mint to ship £50,000 worth of florins to Lagos. The Crown Agents refused, claiming that there was plenty of coin

in Lagos. The other was that the bank should get the government's business. Alfred Jones, to whom Neville made his proposal, had visited West Africa at 14 as a ship's cabin boy. Later he joined the Liverpool office of the African Steamship Line, founded in 1850 by Macgregor Laird. In the same building were the shipping offices of Macgregor's brother William, where an apprentice named John Holt worked. Holt, who became a lifelong friend — and business "teazey" — of Alfred Jones, set up his own business after a while, then was invited to join Elder Dempster. Within a year he was senior partner and had merged Elder Dempster's British and African Steam Navigation Company with the African Steamship Company for which it was agent.

By 1902 Elder Dempster was describing itself as "the largest shipping owners in Britain" and "one of the largest commercial houses in the world." It had a near monopoly on shipping to West Africa: owned all mills in Africa, coaling stations in the Canary Islands and elsewhere, a hotel at Sekondi and others in Jamaica, Britain's first British banana-importing and distributing firm, gold mines, engineering firms, a stevedoring business, engineering firms and others connected with the shipping business. All of them had seemed to come naturally in the wake of Alfred Jones.

When Neville suggested to Jones that bank facilities were urgently needed, Jones told him to try to persuade an existing bank to start a branch in Lagos. Neville approached the African Banking Corporation (ABC), which had just opened for business in South Africa. The ABC board accepted Neville's plan and appointed him agent. It took some prodding from Alfred Jones to get the Colonial Office and the Crown Agents, who had hitherto been responsible for new-silver shipments, to agree to sole silver-import rights and government banker, though the latter idea was warmly welcomed by officials in West Africa.

The bank opened for business in September 1891 but soon hit snags. In October the London manager, at the request of Lagos, asked the Crown Agents to issue an order on the Royal Mint to ship £50,000 worth of florins to Lagos. The Crown Agents refused, claiming that there was plenty of coin

in Lagos. The other was that the bank should get the government's business. Alfred Jones, to whom Neville made his proposal, had visited West Africa at 14 as a ship's cabin boy. Later he joined the Liverpool office of the African Steamship Line, founded in 1850 by Macgregor Laird. In the same building were the shipping offices of Macgregor's brother William, where an apprentice named John Holt worked. Holt, who became a lifelong friend — and business "teazey" — of Alfred Jones, set up his own business after a while, then was invited to join Elder Dempster. Within a year he was senior partner and had merged Elder Dempster's British and African Steam Navigation Company with the African Steamship Company for which it was agent.

"In the treasury of the various colonial governments on the West Coast." The Colonial Secretary refused to sanction the shipment until he had had a full report from the Lagos government. Meanwhile Neville — who had received two shipments of 5,000 pounds each but needed much more — was pressing for the rest.

On Dec. 1 of that year, Alfred Jones joined the issue and wrote to a senior Colonial Office official for help in the matter. "We have put our names to [this bank] and we must not allow it to be wreck at any point. A good sound bank in Lagos, and in other colonies in Africa, is an absolute necessity for the development of the country. Don't let us fail now in any little point. I shall be glad also to hear that the government has given our bank in Lagos their account." (The latter did not happen until May 1892.)

On Dec. 10 the Crown Agents gave the bank permission to ship silver "without restraint." In March 1892 disputes between the Ijebu and Egbas tribes closed the roads between Lagos and Abeokuta and virtually halted the colony's trade.

The following year the ABC found its hands pretty fully occupied in South Africa, its main concern, and asked Alfred Jones if Elder Dempster would take over the Lagos operations. Jones agreed, paying £1,000 and undertaking to refund ABC's costs.

The Crown Agents were not happy to entrust the silver currency to the "private bank of a shipping firm," partly because of one official's personal dislike for Jones, so they "requested" that a public company called the Bank of British West Africa be set up. It was, in 1893, and branches were opened in Accra in 1896, Freetown in 1898 and Banjul (then Bathurst) in 1902. Alfred Jones was chairman and principal shareholder until his death in 1909.

The path to the BBWA was not easy. Authorities in London intercepted the silver monopoly until £10,000 worth of British government securities had been deposited on behalf of the new bank and even instructed the governor of Lagos to close the official account there. George Neville dealt with that by calling on the acting governor to explain that withdrawal of government funds while the bank was changing ownership might

cause a run on the bank. Neville offered to deposit £5,000 in gold to the government treasury if the court was not sitting.

This proposal was accepted. Acting Governor G.C. De Cadenet called it to London with the agreement, "As far as I have the power of ascertaining, the Lagos Government has concluded the proposal very like those and has given no objection. It has expressed very cordial approval of the plan, and by the system of gold addresses in the system of the bank it is stipulated that the value of the shares is to be fixed at £100,000. The directors intend to obtain the £5,000 from the government at the time of the bank's opening." With these provisions before the bank's business picked up. The first balance sheet showed deposits of £27,665 — most of which were the partner's capital and deposits deposited by Alfred Jones. The profit was £13,118. At the same time West Africa developed through the BBWA, so did the business of the British Bank of West Africa.

The BBWA opened with competition until 1899, when success and the trading volume of its links with a shipping company led the African Association — headed by John Holt — set up the Anglo-African Bank. Old Collier, where its members dominated trade. The association comprised "of merchants" but mainly in Liverpool and Manchester and trading with West Africa had been flourishing with Alfred Jones about shipping rates, then changing their own "policy."

By 1905 the Anglo-African Bank had opened a branch at Grand Bassam in the Ivory Coast and grew enough to change its name to the Bank of Nigeria and to fund a share of the silver monopoly and of government business. In 1916 the Colonial Office agreed to this change, but at about the same time the Bank of Nigeria agreed to sell up to the BBWA. After the long competition that undoubtedly had helped spread banking services in Nigeria and elsewhere in West Africa.

Alfred Jones, by now Sir Alfred, who had fought for the bank's test and continued to fight for its growth, died in December, 1909.



wherever  
you do business  
we are there to help and  
advise you

We are a progressive and innovative indigenous Nigerian Bank with a countrywide reputation for efficient and friendly personal service. We, being wholly Nigerian you will no doubt agree, are at a very clear advantage when it comes to first-hand information about Nigeria's amazing market potentials. When it comes to International Business, we have that much knowledge and contact too, which you need to help you make the most of the world's vibrant economy. We can deliver an efficient, on-going support service which includes a world-wide range of financial, marketing and commercial services related to International Trade. So before you first step into business, local or international, it will pay you to get in touch with us.



Wema - where every customer is special

### wema bank limited

(A member of Odu'a Group of Companies)  
Head Office: 52/54 Murtala Muhammed Way, P.M.B. 1033, Ebute-Metta Lagos.

Branches: Lagos-Tinubu, Mushin, Ikeja, Ibadan-Polytechnic, Adamosingba Agodil, Abeokuta, Idi-Iroko, Ago-Iwaye, Ijebu-Igbo, Shagamu, Ifo, Akure, Aiyetara, Ibokun, Igbara-Oke, Igbara-Oda, Kishi, Otta, Igbaha, Igbeti and Lalal House [Igbosere Road, Lagos].

# BUSINESS

# BUSINESS

# BUSINESS

# BUSINESS

# BUSINESS

# BUSINESS

# BUSINESS

# BUSINESS

# BUSINESS

# BUSINESS

# AFRICAN CONTINENTAL BANK LIMITED

OUR BUSINESS IS TO BUILD YOUR BUSINESS



## AFRICAN CONTINENTAL BANK LTD

HEAD OFFICE: 148, Broad Street, Lagos, Nigeria Tel: 684091, 664163, 662629  
Cables Populifehead Lagos Telex: 21282.

LONDON BRANCH: 80, Cheapside, London. EC2V 6EQ.

The people's bank

Telephone: 01-248 5688-9 & 5680. Telex: 88455

BRANCHES THROUGHOUT THE COUNTRY.

مركزنا في الوطن

*Jepi inipita*



## Package of Incentives for Development

OS — In its election manifesto, the President's party, National Party of Nigeria, expressed its commitment to a mixed economy. It also emphasized the need to attract foreign investment to help develop Nigeria's industry, strengthen her infrastructure and ensure the transfer of technology. Now, months in office, the administration is following up. In particular, it proposes to the Nigerian Enterprises (Incentives) Act to allow foreign investors a larger share of equity in types of enterprise. Under the act, foreigners will be able to own up to 60 percent interest of the present 40 percent in the production of containers, fertilizers and in sugar plantations and in agricultural plantations for tree crops, grains and other crops. They will be able to own up to 40 percent interest in the manufacture of jewelry and articles, garment manufacturing and watch repairing, milling, all exclusively for export in the past. Rescheduling and garment manufacturing is particularly aimed at encouraging export. But in steel processing will require a 60 percent Nigerian

is no doubt that Nigeria has been badly hit from foreign investment. Lack of confidence, uncertainty about the military government in 1970s. The first decree, which divided enterprises into two — those which must be owned by Nigerians and those which foreigners might own — was amended to the confusion of all, until a new Nigerian Enterprises Promotion Decree was passed in 1977. This reclassified enterprises into three "schedules" — the one that still allows foreign operations. Schedule One lists 40 types of enterprises, including such activities as mining and public relations, distribution agencies and armaments, wholly reserved for Nigerians. Schedule Two lists 19 types of enterprise, including insurance, clearing and forwarding and a variety of others in which foreigners can own only if the Nigerian share is above 60 percent.

### PRIORITY INDUSTRIES

- Agro-based and food-processing industries (cattle ranching and meat processing); dairy industries; fruit growing and fruit-juice production; rice plantations and woodwork complexes; plantation and processing of coconuts, peanuts, coffee, cotton.
- Building material industries (cement factories, roofing-sheet production), ceiling materials, door locks, hinges and knobs, floor and wall tiles, quality carpets and carpet tiles, insulations, plumbing materials, steel pipes, tap heads, handbasins, pipes, window frames and fittings, paints.
- Engineering and transport industries (manufacture of component parts for vehicle assembly plants); metalworking and plant maintenance industries.
- Chemical, particularly pharmaceutical, industries; industrial chemicals and downstream petro-chemical products.
- Scientific instruments; school and medical laboratory equipment.
- Telecommunications equipment manufacturing (telephone cables and receivers, exchange engines, intercom outfits).
- Electrical and electronics manufacturing industries, as distinct from the assembly of components, e.g. electric fans, air conditioners, refrigerators and freezers, bulbs and fluorescent tubes, elevators and escalators; household electrical goods such as irons and kettles, electric cookers; radio and TV sets (with locally manufactured components); musical instruments.
- Household equipment and furniture, cutlery, crockery and kitchenware.

It is, in the words of the Minister of Industries, "the first comprehensive blueprint" of Nigeria's long- and short-term industrial aims, and is based on the industrial program outlined in the NPN election manifesto. As well as setting down government priorities and incentives, it carries a list of 36 relevant laws and regulations. It states: "The main thrust of government effort will shift emphatically to the provision of incentives and infrastructural facilities, the removal of unnecessary disincentives and obstructions and the facilitation of procedures and approval processes — all are designed to make things easier for the industrial entrepreneur."

Nigeria is undoubtedly still a growing market for capital goods, but profits from consumer goods can be made only by investing in their production in Nigeria in partnership with local industries. The new emphasis is on industries which use local raw materials, especially agro-based industries in furtherance of the "Green Revolution" (see box for current priority areas). The administration has rejected the import substitution strategy whose benefits to the national economy, Mr. Adamu said, "have been minimal, principally because of the invariably low level of local value-added."

Now industries which try to increase local inputs will be encouraged. Wherever possible, local raw materials must be used, and a certain time span is given for changing over to the use of such materials. Linkages between industries will be encouraged, as will backward integration, through relief tax and incentives. Approval of export quotas will be tied to a company's plans for staff training. Enterprises will be encouraged to maintain research and development units. There must be a time-plan for transfer of technology.

Incentives currently being offered include "pioneer status", which gives a tax holiday of up to five years; an "approved users' scheme" under which manufacturers are allowed to import certain raw materials free of duty or at concessional rates; graduated excise-tax reduction for local value-added; and substantial concessions for agro-allied industries. Dispersal of industries throughout the country will be encouraged and "industrial free zones" created for industries producing exclusively for export. —A.M.L.

Schedule Three lists 39 types of enterprise, including manufacture of drugs and medicines, engines and turbines and various other industries in which 40 percent Nigerian participation is required. This last schedule contains enterprises which call for significant amounts of capital and organization and specialized managerial talent, which means in effect only nominal indigenous participation, but this is also true of some enterprises in Schedule Two. This is why the government proposes moving some items from Schedule Two to Three as investment in these areas has stagnated since 1977.

How badly the soldiers' decrees affected investment is illustrated by figures given by Central Bank director Prof. G.O. Nwankwo. Net capital inflow was 319.6 million naira in 1971, N248.3 million in 1972, N192.6 million in 1973, and N48.3 million in 1974. In 1975, after the first industrialization exercise had been completed, it rose to N475.6 million but dropped again in 1976 to N46.6 million. Since then, as Industries Minister Mal-

lam Adamu Ciroma admits, foreign investment has not been encouraging. But with the return of civilian rule in October 1979 foreign investment began to pick up, and overseas entrepreneurs realized the potential of not just one gigantic market but of 20 separate ones all set on rapid development of infrastructure and industry. The federal government has many opportunities to offer, as do the 19 state governments of diverse party allegiances. All have been sending high-powered delegations throughout the world to seek investment for their development programs. President Shagari's administration is committed to encouraging private investment, as opposed to the heavy government involvement under the soldiers, although there will continue to be public-sector involvement when "necessary or justifiable". The Shagari government's plans are set out in a booklet, released last year, called "Nigeria's Industrial Policy and Strategy: Guidelines to Investors," an indispensable document for potential investors.

## INTRODUCING TO YOU ... PORT OF CALABAR



ARE YOUR GOODS FOR NIGERIA'S NORTH EASTERN MARKETS (BORNO, GONGOLA, BAUCHI, PLATEAU STATES) AND

MARKETS IN PARTS OF EASTERN STATES (CROSS RIVER, ANAMBRA IMO) THEN YOUR TIME-AND-HAULAGE-COST SAVING-PORT IS THE CALABAR PORT.

- 860 metres quay length
- 35,000 sq metres stacking area
- 7 metres below chart datum draught channel
- 9 metres below chart datum draught at quayside and turning basin
- Large transit sheds and warehouses
- Modern Cargo handling equipment

ALL AT YOUR SERVICE AT THE NEW PORT OF CALABAR N. P. A.'S PORT OF THE FUTURE.



## NIGERIAN PORTS AUTHORITY

26/28, MARINA LAGOS, NIGERIA.

Nigeria's newest merchant bank

# NIGERIAN-AMERICAN MERCHANT BANK LIMITED

Providing a full range of banking services, including:

- Short and medium term financing in naira
- Letters of Credit
- Collections
- Money Transfer
- Leasing
- Correspondent bank services.

Affiliated with The First National Bank of Boston, and part of its world-wide network of branches, representative offices, subsidiary and affiliated companies.

PARIS:  
First National Bank of Boston,  
14 Avenue des Champs-Elysées,  
2-33-23.

LONDON:  
First National Bank of Boston,  
Bank of Boston House,  
5 Cheapside London EC2P 2DE,  
01-236-2388.

FRANKFURT:  
First National Bank of Boston,  
Frankfurt/Main 1, Postfach 2825,  
Mainzer Landstrasse 43-45,  
011) 26031.

## NIGERIAN-AMERICAN MERCHANT BANK LIMITED

Affiliated with The First National Bank of Boston

Boyle Street  
Lagos  
P.O. Box 8616  
LAGOS



Telex: 21717

Tel.: 632363

# Come over to the Friendly Bank



CO-OPERATIVE BANK OF EASTERN NIGERIA



More often than not the solution to your business problem involves having the advice and assistance of a friendly Bank.

At the Co-operative Bank of Eastern Nigeria Limited, we offer you friendly and courteous service — a wide range of banking facilities — Letters of Credit, Travellers Cheques, Savings, Current and Fixed Deposit Accounts etc.

If it is friendly banking, we do it. There is something peculiar about our kind of warm friendship. You will have a feel of it when you step into the doors of Co-operative Bank of Eastern Nigeria Limited. Business money and Banking are our stock in trade. We transact business without fuss, money and Banking without red tape.

Open a Savings or Current Account with us today and we will put a smile on your face.



COME OVER TODAY TO

## CO-OPERATIVE BANK OF EASTERN NIGERIA LTD.

Your friendly bank with the New Look.

HEAD OFFICE: 28, Okoara Avenue, P.M.B. 1321, ENUGU, NIGERIA. TELEX NO. 51132 COBAN NG  
BRANCHES: Owerri, Enugu, Abiaka, Aba, Asika, Onitsha, Chafia, Nkwere, Umuahia, Abakaliki, Lagos and Oguta.



## Political Issues: The States and Revenue Sharing

By David Williams

### Shagari Has Advanced on Formula to Allocate Income

**L**AGOS — Two political issues seemed to be certain threats of danger for the Shehu Shagari administration when it took office in October, 1979. These were the creation of new states and the formula on which federally collected revenues, almost the only source of public funds in Nigeria, would be allocated among the federal, state and local governments. The solution of the states issue, although gathering steam, lies ahead, but in his most striking political success so far the president has secured a National Assembly vote for his revenue allocation proposals.

In late February, Mr. Shagari was able to sign a bill that should provide a workable system during the rest of his term of office and beyond, even if its critics turn to the courts in the hope of oulfling it and reopening the issue.

Between 1946 — when Nigeria was divided into what is now the former three regions — and 1977 — by which time Nigeria had 19 states — no fewer than seven commissions examined the revenue allocation formula. All federations face the problem of financing the various "tiers" of government, but in Nigeria the problem is particularly acute. Here, with the exception of the big northern emirates in the period when they collected the "community tax," only the central (later federal) government, through its control of import and export duties and company tax, has been able to collect significant revenues.

The advent of oil, now producing almost 80 percent of federally collected revenue, emphasized the financial dominance of the federal government. But the act of demanding more of this revenue for state or local governments is attractive to politicians.

#### Revenue Division a Quandary

Although the arguments can be complex, they really concern two issues: To what extent should revenue, even if federally collected, be returned to the state or states from which it is claimed to "derive" — whether through mineral or other production or consumption of taxable goods; and to what extent should the allocation take into account "need," represented most obviously by population but also by accidents of history or geography. In general, the commissions have moved from "derivation" to

"need," and the states do have considerable responsibilities — in education, roads, agriculture and the like.

The last commission before the Abovade Committee, went so far as to abandon "derivation" altogether. It recommended instead five new principles: equality of access to development opportunities; national minimum standards for national integration; "absorptive capacity;" a state's independent revenue and tax effort, and "fiscal efficiency."

The military government accepted this highly academic formula provisionally. But the formula found no favor with the civilian Constituent Assembly drawing up the constitution for a civilian regime. One of the first tasks of President Shagari was to appoint a new Revenue Allocation Commission, under Ibo economist Dr. Pius Okigbo.

The commission reported on June 30, 1980 and the federal administration accepted most of its proposals, which paid some regard to "derivation" but less than was paid by any other commission except the Abovade Committee.

Although its proposals were far simpler than those of the Abovade Committee, the Okigbo Commission did try to refine some of the cruder concepts of revenue allocation. It suggested, for example, a "Social Development Factor" to be represented by primary school enrollment, to account for 15 percent of the allocation to states. Out of this 15 percent, 11.25 percent would be shared on the basis of direct primary school enrollment, while the balance of 3.75 percent would be shared on the "basis of inverse enrollment which will be represented by the number of children of primary school age who are not in school" — an effort to help states still backward in education. This proposal, approved by the president, was dropped by the legislature.

**Narrow Viewpoint Implied**

When presenting his budget proposals for 1981, President Shagari included the Okigbo formula, with some amendments. In the meantime, there had been loud demands from state representatives — in-

cluding those of the president's own party — for a much greater share of federally collected revenues. Critics maintained that the Okigbo Commission did not reflect popular opinion.

The president's revenue allocation proposals came to the two houses of the National Assembly — the Senate and the House of Representatives — in the form of a bill. The lower house wanted major changes in favor of the states, the Senate minor ones. In accordance with the constitution, a joint committee of both houses met to reconcile their differences, and it accepted the Senate proposals.

Now, the federal government takes 58.5 percent of federally collected revenue, the state governments 31.5 percent, and local governments 10 percent. The federal government's 58.5 percent is divided into 55 percent to the center for "minimum duties and responsibilities of the federal government," 2.5 percent for initial development of Abuja, the new federal capital already under construction, and 1 percent for aid to "ecologically degraded" areas — principally those that might suffer from oil spillage or damage from mining.

From the states' allocation, funds equal to 5 percent of all federally collected revenue are divided among mineral producing states on the basis of "derivation." The remainder is divided as follows: 50 percent equally among all states, 40 percent on the basis of population, and 10 percent on a new principle of "land mass." Of the 10 percent to local governments, 50 percent is to be shared on the basis of "minimum responsibilities and duties," 40 percent according to population and 10 percent according to land area.

The House of Representatives had wanted to reduce the federal government's share to 50 percent, increasing the share of state governments to 40 percent and leaving that of local governments at 10 percent. Voting in the joint committee was very close, the proposed 58.5 percent for the federal government, for example, attracted 13 ayes and 11 nays. Twelve members from each house formed the committee, whose decisions do not have to be endorsed by the two houses.

The National Assembly's decision, however, was entirely satisfactory to the federal government. The changes made in the president's original proposals, which differed only slightly from the Okigbo Commission's proposals, affect only the division of revenue between the state and local governments, and the principles on which the allocations of these two "tiers" of government are to be spent.

The president no doubt also derives satisfaction from the support given to him in the Senate by Senators from the PRP and GNPP, as well as his own National Party of Nigeria (NPN), even if the opposition of NPP senators was a further blow to the existing NPN-NPP alliance, which was intended to ensure a majority in the National Assembly.

The National Assembly's approval was particularly important for the advancement of the federal budget for 1981, which was based on the president's formula.

Even the Okigbo formula, endorsed by the president, for division of the states' share of revenue, may have seemed too complex to the legislators — although much less complex than the earlier Abovade formula. The Okigbo formula's "social development factor" was difficult to understand and was dropped.

The new principle of 10 percent for "area" takes into account, for state and local governments, the extra cost per citizen of administering and providing services for sparsely populated areas. There is great variety in area and population density among Nigeria's states. Borno, for example, with just over 3 million people, is 117,000 square kilometers in area, while in Iwo a somewhat larger population lives in only 13,000 square kilometers. Local government areas show similar disparities.

For the president, the National Assembly's acceptance of his proposals offers satisfaction for other reasons. As a member of the Constituent Assembly, long before he was named NPN presidential candidate, he offered suggestions for revenue allocation very similar to those now adopted. In 1978 he bitterly attacked the Abovade proposals for being "absurd and abstract," claiming they would remove the problem of revenue allocation from the understanding of the ordinary man in order to make its operation the exclusive preserve of "technocrats who are prone to manipulation, favoritism and other weaknesses."

Above all, Mr. Shagari said, the "population factor" could not be ignored. He finally suggested some 53 percent for the federal government — including 2 percent for the Federal Capital Territory — 3 percent for "special account," 34 percent for states and 10 percent for local government.

Local authorities, it is said, proved incapable of spending even their previous allocations usefully, and the presence of apparently surplus funds attracts the wrong type of people. Allocations will continue to go directly to the councils from the federation, an innovation in Nigerian local government introduced by the military regime, and state governments will remain unable to use any surplus.

But the federal administration is determined to develop democratic and effective local government, and to make funds available for it — the new formula gives it 8, instead of 3, percent of federally collected revenue.

**State Share Increased**

State governors and other representatives, including those from the president's own party, will continue to complain that the states' share of revenue is unjustly small. But in fact the new formula cuts the federal government's share of revenue by 20 percent and increases that of the states correspondingly.

The already enormous increase in their funds from federally collected revenue is shown by comparing the figures for 1969-1969 and for 1976-1977 — a 15-fold increase in revenue. The Okigbo Commission calculated that to discharge its responsibilities — which include, for example, not only defense, police and external affairs, but the running of 16 universities and "a host of research institutes" — the federal government needed at least 60 percent of the revenue it collected. It also has to service external debt, some contracted on behalf of states. It has, however, in expectation of a continuing rise in oil revenues, agreed to accept 5 percent less than the Okigbo Commission recommended.

### Balance of Payments

Item	1980	1981	1982	1983	1984	1985
Merchandise Exports ..	14,640	15,872	16,758	17,804	18,900	20,306
Merchandise Imports ..	11,818	13,263	14,884	16,201	17,600	20,548
Trade Balance ..	2,822	2,609	1,874	1,603	1,300	-2,242
Net Non-Factor Service ..	-993	-1,122	-1,271	-1,444	-1,600	-1,800
Net Factor Payment ..	-240	-137	-59	-89	-108	-108
Current Account Balance ..	1,589	1,150	544	100	1,160	1,330
Net Transfers ..	-233	-262	-288	-308	-337	-360
Direct Foreign Investments ..	240	264	290	320	350	400
Official Capital ..	560	700	750	800	850	900
Change in Reserve (Minus Increase) ..	-2,156	-1,852	-1,206	-884	-1,217	-1,300
Reserve Level ..	5,357	7,200	8,504	10,120	11,900	13,700

### Oil Sector Account

Item	1980	1981	1982	1983	1984	1985
Output in Million Barrel/Day	2.15	2.29	2.24	2.28	2.32	2.37
Domestic Demand in M.BBL./Day ..	0.25	0.28	0.31	0.35	0.39	0.44
Exports in Million Barrel/Day	1.90	1.91	1.93	1.93	1.93	1.93
Exports in Million Barrel/Year	694	698	702	705	706	706
Price in Naira per Barrel ..	20.10	21.31	22.50	23.94	25.38	26.90
Exports at Current Price ..	13,939	14,877	15,854	16,867	17,912	18,980
Exports at 1977 Prices ..	6,595	6,640	6,676	6,701	6,713	6,718

**CHASE**  
MERCHANT BANK NIGERIA LTD.

We at Chase provide corporate customers in Nigeria with the full range of merchant banking services. Through our offices in Lagos, Kano and Port Harcourt and the Chase network worldwide, we may be able to help you and shall be pleased to explain our services in details.

**CHASE MERCHANT BANK NIGERIA LTD.**  
would like to invite you to join  
their ever increasing number of distinguished customers

<p><b>23 AWOLowo ROAD</b> P.M.B. 12035 LAGOS LAGOS STATE TEL.: 683153/680418 680273/680285 TELEX: 21585</p>	<p><b>DANTATA HOUSE</b> 66/67 MURTALA MUHAMMAD WAY P.M.B. 3260 KANO KANO STATE TEL.: 064-4302 TELEX: 71267</p>	<p><b>OROSI HOUSE</b> 28 FORCES AVENUE P.M.B. 6178 PORT HARCOURT RIVERS STATE TEL.: 084-332474/333623 TELEX: 61138</p>
---	--	--

# IMB

Linking Nigeria to the World

Competitive corporate clients need better solutions to their financial problems which can only be provided by the fast and efficient service of a competitive bank:

Our range of merchant banking services include:

- Corporate Finance Services**
  - Syndicated Loans
  - Project Finance
  - Equipment Leasing
  - Investment and Financial Advisory Services
  - Portfolio Management
  - Public and Private Debt and Equity Issues
- Banking Services**
  - Term Loans
  - Current Facilities
  - Tender and Performance Bonds
  - Bill Discounting
  - Correspondent Banking
- Operational Services**
  - Negotiable Certificates of Deposit
  - Current and Time Deposits
  - Letters of Credit
  - Collections
  - Remittances

**International Merchant Bank (Nigeria) Limited**

affiliated with **FIRST CHICAGO**  
The First National Bank of Chicago

<p>Lagos 77 Awolowo Road Tel: 684007/9 681469/70</p>	<p>Kano 7/8 Lagos Street Tel: 8580/8595</p>
--	---

مركز التحليل



## Commercial Banking: Following Guidelines

Commercial banking in Nigeria is a complex task. Any banker who enters the field must be prepared to operate within the macro-economic needs of the country. This is particularly true of those banks that were once the pride of the nation and now have a 60-percent Nigerian holding. The guidelines, therefore, require banks to adapt their lending to the developmental needs of Nigeria and to encourage the "Nigerianization" of production, especially industrial production.

Commercial banks are not to be seen as mere intermediaries between savers and borrowers. They must be seen as active participants in the economic development of the country. This requires a change in attitude and a change in the way they operate.

More heartening is the attitude adopted by bankers. While they might complain in passing at the difficulties in being required to give loans which are scarcely secured to small-scale businesses or farmers, they accept the need for such a policy. Where differences might emerge, and did in conversations with bankers, was the degree to which they were prepared to take up some of the challenges of "selling" banking in an economy that is desperately short of commercial credit outlets.

Nigeria's 20 commercial banks now have about 800 branches throughout the country, about the same number that one would find in a city such as London. This is why the government, again through the central bank and its rural banking scheme, in its second phase requires a further 260 branches to be opened throughout the country by December, 1983. It is a costly exercise for some banks; the central bank decides on which states should receive how many banks and on where they should go.

The rural banking scheme, however, leads one into far more delicate, or controversial, territory. The mandatory expansion of branches in specialized sectors is one of the constant refrains among Nigerian planners and bankers. The efficiency of banking in Nigeria, especially in its daily operations, is seriously hampered by this problem. People have to wait, on occasions, for several hours for a check to be cashed. The integrity of the banking system is affected.

One banker, when asked what the constraints of the banking system were, pulled out a credit card, saying that it was of no use to him in Nigeria. Indeed, one of the avenues for competitors to the established bankers is innovation and efficiency. Whereas First Bank or Union Bank, respectively, the successors to Standard and Barclays Bank, retaining their pre-eminence in the banking picture, the success of a bank — such as the French bank Societe Generale, which arrived in 1977 and has become the fifth largest in Nigeria — has been largely due to innovation. The introduction of computers alone has been a major attraction to depositors.

The move into the states by the larger commercial banks raises the problem of relations between the banks and the states. Under the constitution, states can dispose of substantial financial resources through the revenue allocation system. Now they choose to devise their plans and call upon banks for specific projects is their own business.

One banker has observed that the lack of proper management of some state budgets has left certain banks in deep water. They also have to contend with the volatility of state government deposits.

There are 11 commercial banks created by state governments and in which the state governments have a majority shareholding. It was a recommendation of the Financial Review Commission under Dr. Pius Okigbo (in a report that was never published) that each state should have its own bank. Though this has yet to be achieved, and was rejected at the time by the

government, there are banks that do suffer from political interference at the board level. The Nigerian Enterprises Promotions Decree, which by 1976 required all banks to be owned 60 percent by Nigerians, has been the subject of some debate. There are some bankers who believe that in the early stages of its implementation, there was such a turnover in the directorial personnel as to seriously disadvantage the operation of certain banks. This is a problem that has been greatly reduced, though in principle the question of

government participation in the equity of a number of banks prompts a more subtle analysis of what "indigenization" means when the state rather than the private citizen is the principal beneficiary of that process. Another point that has been raised relates to the role of the indigenous banks, the banks that are completely Nigerian owned. At the time of the Nigerianization process the government actually took equity in the expatriate banks while only offering loans to the indigenous banks. This again was a

Sector	1980	1981	1982	1983	1984	1985
Agriculture	5,205	5,684	6,207	6,778	7,401	8,082
Livestock, Forestry and Fishing	3,733	4,076	4,451	4,861	5,308	5,797
Mining and Quarrying	16,640	17,991	19,452	21,032	22,739	24,586
Manufacturing	4,043	4,973	6,117	7,523	9,254	11,382
Utilities	181	208	239	275	317	364
Construction	3,482	3,875	4,313	4,801	5,343	5,947
Transport	2,194	2,611	3,107	3,697	4,400	5,236
Communications	116	133	153	176	203	233
Wholesale and Retail Trade	8,543	9,995	11,695	13,683	16,009	18,730
Housing	2,176	2,350	2,538	2,741	2,960	3,197
Producer of Government Services	2,908	3,431	4,049	4,778	5,638	6,653
Other Services	1,378	1,612	1,886	2,207	2,582	3,021
<b>TOTAL</b>	<b>50,599</b>	<b>56,941</b>	<b>64,208</b>	<b>72,552</b>	<b>82,154</b>	<b>93,228</b>

Projections taken from outline of Nigeria's Fourth Development Plan.

Sector	1980	1981	1982	1983	1984	1985
Agriculture	10.3	10.0	9.7	9.3	9.0	8.7
Livestock, Forestry and Fishing	7.4	7.2	6.9	6.7	6.5	6.2
Mining and Quarrying	32.9	31.6	30.3	29.0	27.7	26.4
Manufacturing	8.0	8.7	9.5	10.4	11.3	12.2
Utilities	0.4	0.4	0.4	0.4	0.4	0.4
Construction	6.9	6.8	6.7	6.6	6.5	6.4
Transport	4.3	4.6	4.8	5.1	5.3	5.6
Communications	0.2	0.2	0.2	0.2	0.2	0.2
Wholesale and Retail Trade	16.9	17.6	18.2	18.9	19.5	20.1
Housing	4.3	4.1	4.0	3.8	3.6	3.4
Producer of Government Services	5.7	6.0	6.3	6.6	6.9	7.2
Other Services	2.7	2.8	3.0	3.0	3.1	3.2
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Projections taken from outline of Nigeria's Fourth Development Plan.

## Oil Sector Account

Commercial banks are not to be seen as mere intermediaries between savers and borrowers. They must be seen as active participants in the economic development of the country. This requires a change in attitude and a change in the way they operate.

Commercial banks are not to be seen as mere intermediaries between savers and borrowers. They must be seen as active participants in the economic development of the country. This requires a change in attitude and a change in the way they operate.

Commercial banks are not to be seen as mere intermediaries between savers and borrowers. They must be seen as active participants in the economic development of the country. This requires a change in attitude and a change in the way they operate.

Commercial banks are not to be seen as mere intermediaries between savers and borrowers. They must be seen as active participants in the economic development of the country. This requires a change in attitude and a change in the way they operate.

Commercial banks are not to be seen as mere intermediaries between savers and borrowers. They must be seen as active participants in the economic development of the country. This requires a change in attitude and a change in the way they operate.

Commercial banks are not to be seen as mere intermediaries between savers and borrowers. They must be seen as active participants in the economic development of the country. This requires a change in attitude and a change in the way they operate.

Commercial banks are not to be seen as mere intermediaries between savers and borrowers. They must be seen as active participants in the economic development of the country. This requires a change in attitude and a change in the way they operate.

Commercial banks are not to be seen as mere intermediaries between savers and borrowers. They must be seen as active participants in the economic development of the country. This requires a change in attitude and a change in the way they operate.

Commercial banks are not to be seen as mere intermediaries between savers and borrowers. They must be seen as active participants in the economic development of the country. This requires a change in attitude and a change in the way they operate.

Commercial banks are not to be seen as mere intermediaries between savers and borrowers. They must be seen as active participants in the economic development of the country. This requires a change in attitude and a change in the way they operate.

Commercial banks are not to be seen as mere intermediaries between savers and borrowers. They must be seen as active participants in the economic development of the country. This requires a change in attitude and a change in the way they operate.

Commercial banks are not to be seen as mere intermediaries between savers and borrowers. They must be seen as active participants in the economic development of the country. This requires a change in attitude and a change in the way they operate.

# Check the Union way for Farmers.

Feeding Nigeria's teeming millions has always been a major problem for our Government, and Union Bank appreciates fully the concern of the Government as well as the problems of farmers.

As a truly Nigerian Bank, we want to serve the nation by helping her people. That's why we have carried our banking services to the rural areas — for example, Guyuk in Gongola State; Aboh-Mbaise in Imo State; Ilawe Ekiti in Ondo State.

That's not all. We encourage

Nigerians to invest in farming, poultry, fishing and animal husbandry, by offering farmers the services of experts in our Agricultural Department, who recommend short or long term loans for stock and capital investment.

So, why don't you check the Union way for farmers today. Because together we can prosper tomorrow.

Contact your nearest Union Bank Manager to arrange an appointment with our Agricultural Development Officer now.



**UNION BANK**  
 Union Bank of Nigeria Limited  
 Head Office: 40 Marina, Lagos.  
**We set the pace...**



NEW — New buildings of Lagos stand in contrast to old buildings of the past — clothing styles, for example.

3 Linking Nigeria to the World

International Merchant Bank (Nigeria) Limited FIRST CHICAGO



# A Black U.S. Company Succeeds in Nigeria

By Leon Dash

**L**AGOS (WP) — George E. Johnson, dressed conservatively in jacket and tie, startled his Nigerian employees by stepping up to the bright new assembly line and snatching up several jars of one of his shampoo products.

"The tops of these jars must be tight so the product doesn't dry out," Mr. Johnson told them.

On Nigeria's highly competitive consumer market, it does not pay to get an early reputation for faulty products. And Johnson Products Co., the fourth-largest black-owned company in the United States, has joined Nigeria's oil-fueled gold rush with a joint venture, \$4-million factory in the Ikeja suburb of Lagos.

In accordance with Nigerian joint venture laws, 60 percent of the investors and shareholders of the new, Lagos-based factory are Nigerians, while Johnson owns 40 percent.

The new company, Johnson Products of Nigeria, represents a response to the Nigerian government's open invitation to American investors, the growing investment interest in black Africa's largest oil exporting nation and the profit potential in a consumer market estimated to comprise between 90 and 100 million persons. The Nigerian population is four

## Chicagoan Builds Factory in Lagos, Sees Vast Potential for Expansion

times the size of Johnson's traditional market among black Americans.

After cautiously testing the market here in the early 1970s, the 53-year-old Chicago-based manufacturer said he began in 1977 to export "in a big way" some of the company's 45 hair, cosmetic and toilet products to Nigeria.

Then the Nigerian government restricted imports of cosmetics and Johnson shifted into high gear in early 1978 to open a factory here. The factory finally began production last summer with a staff of 35 black Americans and Nigerians.

Mr. Johnson and his wife, Joan, were in Lagos last October for the inauguration of the hangar-like factory, a media advertising blitz, interviews with Nigerian reporters and dinners and cocktail parties with Nigerian government officials and the Nigerian board chairman, Opar Benson.

"The opportunities and the potential which exist here are immense," Mr. Johnson said at an emotional dinner then to which American and Nigerian partners in the new company were invited. "The economic racism which persists in

(American) society prevents Johnson Products and other black companies as well from marketing and selling products to the entire U.S. population," Mr. Johnson said. "We must be content with what amounts to a thin slice of a very large economic pie. It is to Africa we turn to broaden our horizons."

But getting established in Nigeria is a long and difficult process, Mr. Johnson and the new factory's American managing director, Marilyn J. Cason, acknowledged. In mid-1979, American businessmen on a trade mission to Lagos complained to Nigerian officials about a confusion of laws governing foreign investment here, the country's slow-moving bureaucracy and pervasive corruption they encountered when trying to become established.

**"A Long Process"**  
"It's been a long process," Ms. Cason said about the two-year effort. "It's hard to say that it was smooth, and Nigeria is an expensive country in which to do business."

Lagos is among the world's most expensive cities. Apartment and house rents run from \$50,000 to \$80,000 a year with landlords de-

manding full payment of rents three to five years in advance. Fueled by a tripling of oil revenues in the past two years, annual inflation is running at more than 20 percent.

Mr. Johnson said he has spent "at least \$200,000" in the past two years to fly company personnel between Nigeria and the United States and keep company representatives in Lagos to start the factory.

"It certainly takes a lot of trips of a lot of people to get where we are today," he said. "But this market is sufficiently viable and attractive that it's worth the effort. Johnson Products Nigeria have the potential of exceeding the size of Johnson Products in the States."

Asked if smaller American minority-owned firms could realistically afford the starting costs of investing in Nigeria, Mr. Johnson argued that it was possible.

Nigerian President Shehu Shagari during his trip to the United States earlier this month, "invited black Americans to invest here in the areas of manufacturing, technology, and technology transfer and agriculture," Mr. Johnson said. "Given that attitude, I think it is possible for any who want to come."

If they come prepared to make a full-time commitment and to learn another culture, Mr. Johnson added, "the welcome mat is out."

Exports by Current Prices

Item	1980		1981		1982		1983		1984		1985	
	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent
Capital Goods	5,490	40.6	6,111	40.2	6,785	39.7	7,516	39.4	8,305	38.8	9,156	38.5
Intermediate Goods	2,559	18.9	3,038	20.0	3,607	21.1	4,206	22.0	4,804	22.8	5,378	24.1
Food	1,784	13.2	1,947	12.8	2,126	12.5	2,520	12.1	2,950	13.7	3,232	13.4
Consumer Goods	1,965	14.7	2,167	14.3	2,366	13.9	2,589	13.4	2,766	13.0	2,902	12.4
Merchandise Imports	11,816	87.4	13,265	87.3	14,884	87.2	16,681	86.9	18,482	86.7	20,548	86.4
Non-factor Services	1,706	12.6	1,933	12.7	2,192	12.8	2,491	13.1	2,825	13.3	3,232	13.4
TOTAL	13,524	100.0	15,196	100.0	17,076	100.0	19,092	100.0	21,307	100.0	23,780	100.0

Imports by End Use at Current Prices

Item	1980		1981		1982		1983		1984		1985	
	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent	Value in \$M	Per cent
1. Oil Exports	13,939	90.8	14,877	90.3	15,854	89.7	16,867	88.1	17,927	88.4	19,000	87.6
2. Non-oil Exports	701	4.6	795	4.8	904	5.1	1,027	5.6	1,167	5.7	1,326	6.1
3. Merchandise Exports	14,640	95.4	15,672	95.1	16,758	94.8	17,894	93.8	19,099	94.1	20,326	93.7
4. Non-factor Services	713	4.6	811	4.9	921	5.2	1,047	5.5	1,185	5.9	1,352	6.3
Total	15,353	100.0	16,483	100.0	17,679	100.0	18,941	100.0	20,265	100.0	21,658	100.0

## Challenge for Government: Price of Rice Keeps Rising

**L**AGOS (WP) — An enduring problem in Lagos, where combative traders thrive on freewheeling capitalism, is an astronomical leap in the price of rice.

Any West African government is playing with fire if it fails to ensure that rice, a major staple of urban populations, is available at reasonable prices. Skyrocketing rice prices have sparked some bitter urban riots in the region and indirectly set into motion events that brought down the government of William Tolbert in Liberia earlier this year.

With roughly one-fourth of Nigeria's inhabitants living in cities, the increase in rice prices here since last summer has created what one foreign observer described as "an explosive situation, when you consider that most people in Lagos barely earned enough to live on before prices began to climb."

The main question is why a 110-pound bag of imported rice, which arrived at the port of Lagos at the wholesale price of \$52, is retailed in the city at \$180. The price in other Nigerian cities in the interior is reportedly even higher.

Opposition politicians have charged political favoritism on the part of President Shehu Shagari's administration the distribution of lucrative rice import licenses. Government officials have counter-charged that their political enemies have bought up huge quantities of domestic rice to precipitate a political crisis.

### Financial Interests

So far it has been revealed that several prominent politicians have suddenly acquired a financial interest in the rice trade.

Like many African countries, Nigeria does not produce enough food to feed its exploding population and must rely heavily on food imports that total more than \$1 billion annually.

As part of the government's ambitious agricultural development program, certain food items have been put on restricted import lists with the intention of reducing their importation gradually until Nigerian farmers produce enough to end imports altogether. The importation of rice was limited to 200,000 tons earlier this year without specific information that the amount

was sufficient to supplement local production.

"We don't have the statistics to know actually how much rice is needed," said presidential advisor Emmanuel Edozien in an interview, "and the merchants have been engaged in massive hoarding of rice to force the price up."

Mr. Edozien conceded that the rice imports were poorly coordinated and that "the importation licenses were not evenly spread to ensure an even spread of distribution."

Transportation minister Umaru Dikko, who was appointed head of a task force investigating the rice scandal, is one of President Shagari's closest advisers. In an interview, Mr. Dikko denied charges that only heavy contributors to the president's National Party of Nigeria received rice import licenses.

"The licenses were not given exclusively to (National Party) members or its supporters, Mr. Dikko said.

He said his position as head of the task force investigating the situation did not allow him to give a specific breakdown of who received licenses along political party lines.

Mr. Dikko volunteered that he has specific information outlining how the political enemies of President Shagari's administration, whom he also declined to name, had "bought every grain of domestic rice and hoarded it in an effort to spark domestic unrest. On top of that, Mr. Dikko added, the hoarding by traders has exacerbated the problem.

On a list released by the Commerce Ministry, the leader of the Senate and a member of the National Party, Oluwa Sarake, was included as the head of a live stock company that got a rice import license. Sen. Sarake, however, said he was no longer connected with the company.

National Party deputy leader of the House, Oluwatosin Afolabi, however, was unapologetic about his floor tile company receiving one of the highly sought licenses.

"Do you think because I am in the House of representatives I should stop doing business?" Mr. Afolabi asked reporters who questioned him. "I have been in business a long time."

—L.D.

## Growing Economic Giant Sets Sights on the Future

(Continued from Page 75)

simistic about the ability of the oil price to go even higher.

### Concerns for Caution

Indeed, Nigeria's concern for caution in handling its oil is apparent at every turn. In a unique bid to ensure political reliability and economic dependability in its customers, it has a total of 52 purchasers, an unusually high number for an exporter of its size.

In the past, Nigeria has suffered when its customers have unilaterally reneged on their commitments to uplift contracted crude, as was the case in August, when Poland and Yugoslavia, among others, let it down.

Then, Nigeria was rescued only by the fortuitous outbreak of the Gulf War, which by removing all Iranian and Iraqi crude from the oil market, converted a glut into an overnight shortage, sent the Rotterdam spot price rocketing, and brought Nigeria's absent purchasers back home.

But since this last experience, and as the Gulf oil begins slowly to flow again, from what can be discerned, even greater care and consideration have been given by the Nigerian National Petroleum Corp. to ensuring that foreseeable

and avoidable slips do not sabotage development prospects again.

The doubts that do, however, exist, are all about the development plan's implementation. In Nigeria, performance is the actual slip. Even the truncated 1980 budget failed to be spent by a large amount. As a leading company chairman put it, "Promises are easy — politicians love them — but putting them into effect is tortuous and slow and that's where the rub comes in." The fears, therefore, over the five-year development plan are enormous.

Yet, in the spirit of the oil-fired euphoria and enthusiasm that still prevails in Lagos as the country eagerly awaits the outpouring of economic riches from this commoopia of development designs, if all does go well, it is not just Nigeria or Nigerians who stand to gain, but also and initially most importantly, the European countries that export to it. For, paradoxically in the short term, although the aim is self-reliance, businessmen say that the plan will increase Nigeria's dependence on imports.

The total import bill, which has shown a marked increase since restrictions were eased last year, will

(Continued on Page 155)

# NNPC IS PIONEERING THE DIVERSE TECHNOLOGIES NIGERIA NEEDS FOR THE YEARS AHEAD

WHEN YOU THINK OF INFRASTRUCTURE FOR NIGERIA'S INDUSTRIAL TAKE-OFF, THINK OF NNPC.

PETROLEUM AND ITS BY-PRODUCTS: THE VERY BASICS OF INDUSTRY TODAY AND FOR CENTURIES TO COME.

THE RAPID PACE OF MODERNISATION: THE SPECTACULAR INDUSTRIAL DEVELOPMENT IN NIGERIA. THE REQUIREMENTS OF INDUSTRY; OF PLASTIC ENGINEERING, AND AGRICULTURE; OF CHEMICAL ENGINEERING, AND THE TYRE INDUSTRY, ETC.

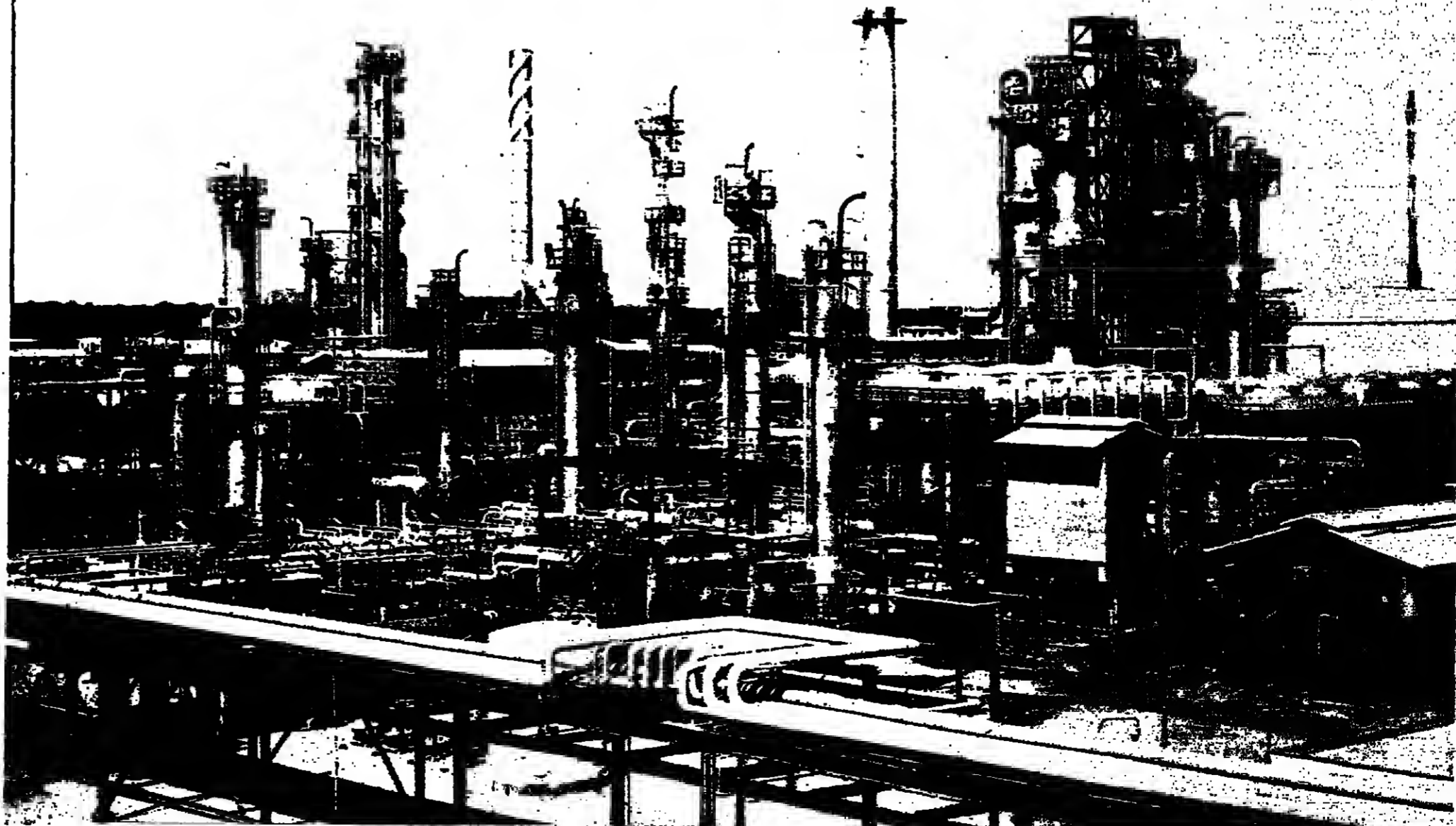
EACH DEPENDS ON THE STRENGTH OF PETROLEUM... AND ITS BY-PRODUCTS. THAT MEANS NNPC.

IT IS NO EXAGGERATION. WE ARE THE PIVOT OF NIGERIA'S ECONOMIC GROWTH.



# NNPC

## Pillar of Nigerian Economy



مركز الأعمال

Jeff Inghis



MODERN — A network of modern highways is among the advantages of Lagos, the capital of Nigeria.

# One Man's Share of the 'Green Revolution'

## Nigerian Architect's 'Plant Hobby' Leads to 1,000-Acre Kaduna Farm

**R**IDO JUNCTION, Nigeria (NYT) — "Everyone talks about Nigeria's so-called 'green revolution,'" Yusuf Mohammed was saying here recently. "Well, I decided that I would not just talk but do something about it. So I'm a farmer now."

Until three years ago Mr. Mohammed, 40, was one of the best-known architects and housing consultants in Nigeria. He grew plants as a hobby. Then, on an impulse, he started to grow crops as a business.

Now the Mohammed farm stretches over 1,000 acres of verdant land in Kaduna State, nearly 600 miles from Lagos. Mr. Mohammed is probably making more money than he ever did before, and he is no longer an architect.

He sells 20,000 eggs a day, produces corn and other grains, and soon will be breeding and selling broilers. The farm is almost completely mechanized, with its own power generator, and the 1,000-acre farm of today is almost certain to double in acreage by this time next year.

### Wealth in Land

"Nigeria's wealth, its true wealth, is in its land," Mr. Mohammed, a sturdy man wearing spectacles, said, resting his elbows on a wooden fence beyond which

were several ranch-style buildings that he designed himself. "We have to feed ourselves first — and we have the land and the manpower to become a major agricultural producer. I was accused of not being serious when I decided to get into farming. But I was very much serious, and I'm glad that I did it."

Although Nigeria's current riches are the result of its oil revenues a vast majority of the people are farmers. Until oil income started pouring in about a decade ago, agriculture was the country's biggest earner of foreign exchange. It has declined rapidly since then.

### Small Farms

The oil boom has sent village youths steadily drifting to the larger cities, drawn by visions of more lucrative jobs there.

"It's really frustrating," said Mr. Mohammed. "All this land but barely a third of it under active cultivation. We simply have to move into an era of modern agricultural economics."

Mr. Mohammed pointed out ruefully that agriculture in Nigeria has also suffered from the fact that

the average farm is no bigger than two or three acres, making it difficult for large-scale mechanized farming. Agriculture has also suffered from governmental inefficiency and mismanagement. Mr. Mohammed said that it took him nearly a year to obtain official approval to buy his land and nearly as long to obtain a long-term, low-interest loan of \$900,000.

"But I decided to forge ahead," he said, in an accent that reflected his British education. "After all, I had already spent nearly \$1 million in initial investment."

That investment involved buying thickly forested land here from several local chiefs. Rido Junction is about 12 miles from the city of Kaduna and the land is carpeted with mango trees and tall grass. This is bush country, made green and lush from the rain that falls gently much of the year.

Mr. Mohammed enlisted a friend, Bashir Mohammed, who at the time was in public relations, as farm manager. Like Mr. Mohammed, Bashir Mohammed is tall, friendly and eager to discuss how the farm has succeeded.

"It's a matter of persistence," he

said, pointing to the beated sheds housing young chickens, the feeding areas, the pens where turkeys are being experimentally bred.

"Yusuf became a farmer because he was fed up with leading the conventional life and I became a farmer because that was what I would have done later on in life anyway, after retirement."

The farm, which now employs 35 workers, was started in this area, he explained, because land was still cheap, at least in comparison with the south of the country.

Yusuf Mohammed, whose wife teaches political science at Kaduna State Polytechnic, feels that the government should establish some sort of program under which it would buy land and then resell it to small farmers such as himself. Last year, the government was reported to have spent about \$17 million on a land clearance program, but little information is available on whether the land was subsequently sold to farmers.

"It's useless talking about Nigeria's green revolution unless the government specifically is more encouraging," Mr. Mohammed said. "The need now is to set up more cooperatives, training programs in villages, and incentive for more people to get into agriculture. That, I think, is the only way we can stop this rapid flow of people to the already overcrowded cities of our country."

## on Members Demand Portion of New Wealth

(NYT) — Abdul Karim is indignant. Each of the symbols of affluence of Nigeria's oil

of the new wealth or habits it brought to the country's population as daily champing — has trickled in and his fellow dock-

years of unloading the freighters, the 39-year-old Akamo said he thinks the value of an average day's work is \$10 a day — before April, 1980 — paid for an eight-hour shift at lunch or rest break to feed him and his family.

and 26,000 others went on strike twice closed all seven of Nigeria's because private contractors not paid them a government 56 percent wage months after it was

kept on a short leash of military government. Akamo and the more unionized workers have grown increasingly demanding a larger share of the wealth.

by oil-fueled inflation in 1970s, cramped into substandard housing and by the doubling of public transportation last summer, angry unions and a budget-conscious government are on course that could have ramifications for the financially weaker

Trade Union labor has formed the national trade union movement. As restiveness could spill over into a country among the poor, poorly paid industrial service employ-

energy bills leaving a national budget in a world recession slow-down industrial growth; doubtful if more than a few countries could absorb long strikes and demands from the type of member that Mr. Akamo represents.

## wing Economic Giant Sights on the Future

(NYT) — In a period, grow from \$1 billion a year at present to \$2 billion by 1985.

Other Nations in which supplies 22 percent of all Nigerian imports, France, West Germany, India, which all play important roles, this is well-understood. Simultaneously, as Nigeria's investment permitting increased joint ventures, so more outside investment and percentage of capital will also significantly

at the same time will be Nigeria's dependent expatriate work force. Shagari said, "We require the services of experts in the field, especially in the technological occupation. The shortage is most

already large British, German, Japanese communities employed

Led by the Socialist-leaning Nigerian Labor Congress president, Hassan Shammou, Nigerian unions are demanding that a worker's monthly minimum salary be increased to \$564, three times the minimum of \$180 set by Nigerian President Shagari in April, 1981.

President Shagari and his advisers argue that the country's growing wealth, 90 percent of which comes from oil, is already too thinly spread among ambitious agricultural and industrial development projects, education and health programs. Nigeria has the largest population in Africa, and 25 percent are city workers.

Meeting union leaders' demands, several of President Shagari's advisers said, would push inflation back up to its one-time annual high of 30 percent and bring major, but capital-short government projects crashing down like houses of cards if money allocated for them had to be shifted to salaries.

Government officials claim that overall inflation is running at 9 percent but some experts said it is closer to 20 percent. Even so, union leaders said, Nigeria's oil revenues have more than doubled in the past two years — to \$25 billion for 1980 — and more of that should be finding its way into workers' pockets.

### Wildcat Strikes

Beginning last spring, wildcat strikes have hit private industry, public transportation and federal and state civil service agencies over pay grievances. Federal officials accused union leaders of trying to undermine the government. The union leadership itself, although united on pay and working conditions, is split into pro-Soviet and pro-Western blocs, according to well-informed Nigerian trade union sources.

Mr. Akamo said he will support union leaders who get him a pay raise. Out of his monthly base salary of \$320, Akamo said he pays \$112 to rent two rooms in Lagos' Oroonki slums and \$68 in transport. The remaining \$140 is never enough to feed and clothe his wives, children and himself.

"I don't eat the good food," Mr. Akamo added. "Good food is left for my children." Since last summer the price of his family's staple food, rice, has skyrocketed.

in both the private and public sectors. There are, in addition, several hundred thousand immigrant workers from the neighboring West African countries attracted by the big town boom and the tin and glitter. The plan's demand for a further 125,000 skilled workers will largely have to be met by yet more in-migration from abroad.

### Will Develop

In the next five years, therefore, Nigeria's importance as a magnet for exports to Africa, and her prominence as the leader of black Africa, will develop dramatically.

This will at last furnish the heady and exuberant rhetoric of her leaders with the hard basis of fact it is so far somewhat weak in. For it will, if even half of what is planned is actually achieved, boost Africa internationally out of the stagnation and depression it is today caught within.

And then, the Nigerian oil giant, with a horizon of perhaps 20 years' production, will have finally emerged as the industrial power of the continent with a plausibly unrestricted life span.

# Bank of the North



## means business all over the world!

The Bank of the North Limited is a banking strength at home and abroad.

We have forty-three branches in Nigeria to make your local banking business very efficient and profitable. And our association with the world's major banking and finance houses ensures that your international business and monetary transactions are taken care of with the uttermost despatch and trouble-free efficiency.

This is why when you desire top-flight banking expertise, be it local or international, it pays to talk first with the Bank of the North — we'll show you a few things others forgot.

# Bank of the North Ltd

Head Office: Kano, Branches throughout Nigeria.



# HOW ICON LIMITED CAN ASSIST YOU IN CORPORATE FINANCIAL MATTERS IN NIGERIA

Doing business in a complex and fast-growing economy requires knowledge about financial, economic and political trends and an understanding of their significance for investment, trade and commerce.

Icon Limited (Merchant Bankers) have this first-hand knowledge and are well equipped to offer complete corporate banking and financial services to both local and multinational enterprises in Nigeria. These services include:

**\*BANKING**

- Short and medium term loans
- Management and syndication of loans
- Equipment leasing
- International trade financing and dividend transfers
- Issuance of guarantees and acceptances.

**\*CORPORATE FINANCE**

- Management of public and private investment portfolio
- Management of issue of debt and equity securities
- Advice on joint ventures, mergers and acquisitions
- General corporate financial advice.

The strength of Icon Limited lies in its speed and flexibility in responding to particular banking requirements and to changes in the economy. It has broad experience in the Nigerian environment in handling the most intricate corporate financial matters. In addition, Icon Limited has a network of correspondent relationships in every important financial centre in the world.

For more information contact:

**ICON LIMITED (MERCHANT BANKERS)**  
NIDB HOUSE, 63/71, BROAD STREET,  
P.M.B. 12688,  
LAGOS - NIGERIA  
Telephone: 860103, 861812  
Telex: 21437, 21106  
Cables: **ICON BANK NG.**



## Central Bank: A 21-Year Record of Progress

**L**AGOS—The Central Bank of Nigeria has alternated between tradition and development in its 21-year history. It has struggled through many of the problems that older central banks have encountered and has struck out on new paths, as might be expected of a crucial institution in a major developing economy.

The transition from an institution devoted solely to the traditional aims of central banking—issuing legal tender, advising the government, promoting monetary stability and maintaining external reserves—to an institution promoting economic development has been gradual and has brought with it a number of challenges.

On the one hand the Central Bank of Nigeria enjoys powers scarcely matched in the world by a similar institution. On the other hand, the widespread description of the bank as a "passive tool of government policy" indicates significant erosion of its autonomy. With the arrival of the civilian administration such a view is only partly true.

The array of instruments which the bank disposes to impose policies on the financial system is impressive. In its early history, the bank's principal concern was to establish the independence of the national currency, which would be stable. The naira as the major unit and the kobo as the minor unit heralded the departure of the pounds sterling and pence system and the advent of a decentralized national currency. In 1967 Nigeria refused to devalue along with sterling. In 1973 the naira was devalued "to prevent the country's import bill from rising to unmanageable proportions," according to the bank.

Perhaps the more visible aspect of the Central Bank's role is its attempt to render the economy into the hands of Nigerians. There have been many different methods ranging from use of the money and capital markets to the arbitrary annual control of monetary policy through the issue of annual credit guidelines allocating sectoral proportions to commercial banks for investment.

The promotion of the indigenous money market has included the issue of Treasury Bills in 1960 and Treasury Certificates in 1968. The market, although still limited, has since been refined to include certificates of deposit to facilitate the channeling of commercial banks' surplus funds to the mer-

*"The transition from an institution devoted solely to the traditional aims of central banking to one promoting economic development has brought with it a number of challenges."*

chant banks, as well as Bankers' Unit Fund and Eligible Development Stocks.

The Bank also has had a substantial role to play in the development of the capital market. It participated in the establishment of the Nigerian Stock Exchange and its involvement has grown since the implementation of the Nigerian Enterprises Promotions Decree. By excluding from credit ceilings loans granted by commercial banks to individuals for the purpose of buying shares and business in the Stock Exchange, the Bank has played its part. Furthermore, the stock market deals to a very large extent in government securities which are issued and managed by the CBN.

The progress of several of the most important financial institutions of Nigeria has also depended on the participation of the CBN. The Nigerian Industrial Development Bank, the Nigerian Bank for Commerce and Industry, the Nigerian Agricultural and Cooperative Bank and the Federal Mortgage Bank have all been beneficiaries.

An even more impressive contribution was the setting up of the Agricultural Credit Guarantee Fund (see article on agricultural finance). This scheme is intended to guarantee commercial and merchant banks agricultural credit up to 75 per cent.

The scheme has acquired particular importance in light of the government's desire to orient the economy toward increased agricultural output. The CBN's monetary policies have enabled it to act as the government's instrument in implementing these policies. Credit guidelines help keep the private sector in check. They offer qualita-

tive directives to encourage certain types of investment. At least 8 per cent of annual investment has to be allocated to agriculture. Housing is also favored. The CBN also has the right to exact penalties for failure to comply.

Another recent CBN effort to shake the private banking system out of its seeming complacency was the introduction of the Rural Banking Scheme, now in its second phase. By the end of 1983, Nigerian commercial banks have to open 260 branches in locations decided upon by the Central Bank.

If as a private banker one examines these instruments wielded by the CBN they appear formidable, and indeed they are. However, at the heart of the Central Banking principle is the issue of the independence of the Central Bank from the potential political pressures of government. The story of the CBN has been one of a steady erosion of its autonomy during 13 years of military regimes, which would require very dramatic steps to restore that autonomy now, though there is evidence in the new constitution that through the National Economic Council presided over by the vice-president, there will be opportunity for regular consultation between the principle monetary authorities.

Part of the problem in Nigeria arose in 1968 with the Central Bank of Nigeria (Amendment) Act which directed the Board of Directors of the CBN to keep the Commissioner for Finance informed of the monetary and banking policy pursued by the Bank.

The Decree also gave the Commissioner (the equivalent of Minister) the power to present his own case when he disagreed with the CBN before the then Federal Ex-

ecutive Council. In effect, meant that as the CBN could be present at the council meet where the commissioner would be, the CBN case would be made with sufficient vigor.

The Financial System Review Committee which reported a end of 1974—a report which never been published in full—recommended an "amendment strengthen the process whereby Central Bank's proposals monetary and Banking reach the Federal Executive Council." The recommendation was jected in a subsequent White Paper published by the government.

In 1970 a further amendment the Central Bank of Nigeria required that any project N1000,000—this was later to N1 million—had to be referred to the Federal Executive Council for approval before any loan award was made. The Bank was required to seek the approval of Commissioner for Finance if it opened branches or appoint correspondents or agents. The Act required all CBN staff to be placed on the public service scales.

In reviewing this history of government intervention, the late Governor of the Central Bank, Vincent, had this to say shortly before the handover to civilian rule at the end of 1979: "Certain provisions enacted between 1968 1970 have eroded the autonomy the Central Bank. In spite of constraints, the Bank has successfully, in cooperation with Government, steered the economy through years of varying money and economic expansion. I also said in that same speech, he expected the new civilian administration to repeal the offending acts. His request has largely answered by the accession of the monetary authorities have each other.

But legislation alone never, and never will entirely shape relations between the Bank and government. Much depends on personalities of the authorities involved and the respect in which they hold each other. In a developing economy it is also difficult to think of a Central Bank completely independent of the government. In fact, with an economy of size, diversity and dynamism Nigeria's it would seem that some compliance to the priorities government are essential.

# FIRST BANK OF NIGERIA LIMITED

Since our establishment in 1894 as the first Commercial Bank in Nigeria, we have been most actively involved in the growth of Nigeria's economy, providing domestic and international banking facilities, including short and medium term finance, to meet the expanding demands of the development of this major West African country.

Today, we operate the largest network of branches, agencies and offices in the country, and offer comprehensive banking services in all of our branches throughout the Federation of Nigeria. We enjoy the position of being the largest bank in the country.

Should you wish to explore the possibilities of doing business in and with Nigeria, and are in need of any advice or assistance, please contact us; we are, after all, the leader in banking business and expertise in our country.



**First Bank**  
ESTABLISHED 1894

**FIRST BANK**  
OF NIGERIA LIMITED

Expert Banking By The Leader

Head Office,  
Unity House, 37 Marina, P.O. Box 5216, Lagos  
International Telex: 21231  
Telegraphic Address: STANEXEC  
Telephone: 661041, 661043, 661045, 660077

مركز مصرفي الأول

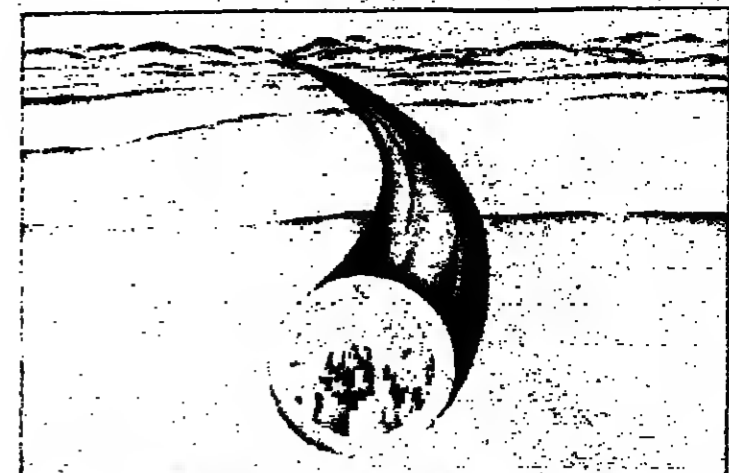




# NYSE Nationwide Trading Closing Prices Mar. 10

Tables include the nationwide prices up to the closing on Wall Street.

12 Month	Stock	High	Low	Open	Close	12 Month	Stock	High	Low	Open	Close
12 Month	AAVE	10 1/2	10 1/4	10 1/2	10 1/2	12 Month	AMT	11 1/2	11 1/4	11 1/2	11 1/2
12 Month	AAIC	10 1/2	10 1/4	10 1/2	10 1/2	12 Month	AMT	11 1/2	11 1/4	11 1/2	11 1/2
12 Month	AAIC	10 1/2	10 1/4	10 1/2	10 1/2	12 Month	AMT	11 1/2	11 1/4	11 1/2	11 1/2



**A PIPELINE ALONE WON'T SOLVE AMERICA'S ENERGY PROBLEMS.**

Because each region has its resources, and each customer has his needs. We think the energy of the future will include new kinds of energy, some the result of our most important one... **IMAGINATION.**

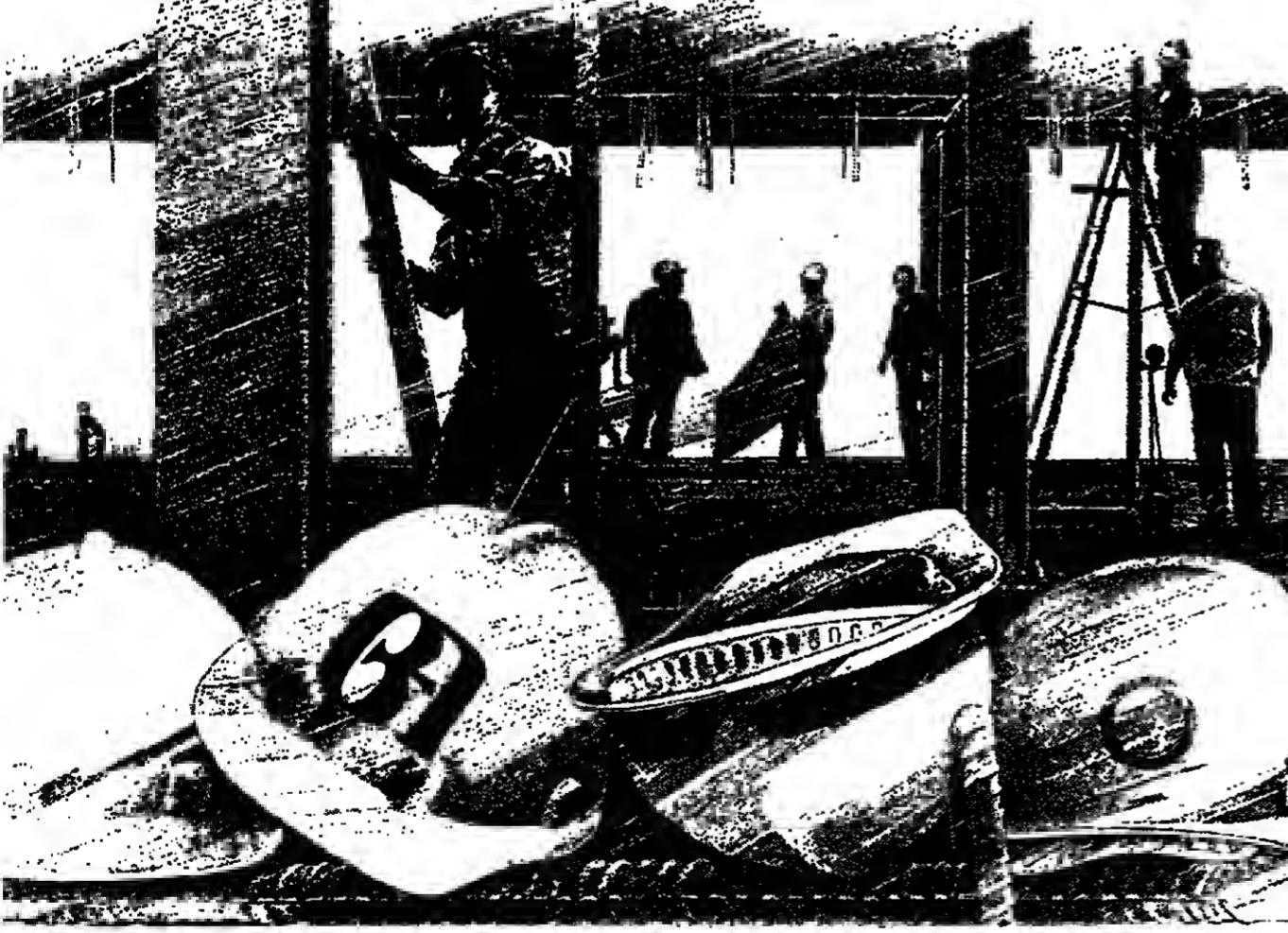
That's why MAPCO is extending its pipeline to 7,816 miles and has expanded into many kinds of energy in many different regions.

**BRINGING IMAGINATION TO THE BUSINESS OF ENERGY**

MAPCO INC. - 1805 S. BALTIMORE AVE. - TULSA, OK 74119  
- SYMBOL HDARISE/PWSE/SE

12 Month	Stock	High	Low	Open	Close	12 Month	Stock	High	Low	Open	Close
12 Month	AAVE	10 1/2	10 1/4	10 1/2	10 1/2	12 Month	AAVE	10 1/2	10 1/4	10 1/2	10 1/2
12 Month	AAIC	10 1/2	10 1/4	10 1/2	10 1/2	12 Month	AAIC	10 1/2	10 1/4	10 1/2	10 1/2
12 Month	AAIC	10 1/2	10 1/4	10 1/2	10 1/2	12 Month	AAIC	10 1/2	10 1/4	10 1/2	10 1/2

## Some people think Bank of America only has a head for banking.



**Actually, Bank of America also has experts in fields ranging from mining to construction.**

At Bank of America, the experienced global account officer is a professional banker who understands local and international business conditions. But each officer is also backed up by BankAmericans with backgrounds in fields such as architecture, engineering, chemistry or physics.

In today's complex world of international finance, that can be important. For example, suppose you're involved with an overseas project that calls for specialized financing. In short order, your account officer can assemble a team of specialists who really understand both the technical and financial aspects of the project.

When you need a bank that's more than just a bank, call on Bank of America. Bank of America's construction and Project Finance specialists have been involved with providing financing and performance guarantees for major projects throughout Europe, the Middle East and Africa: examples include financing for a Yugoslavian petrochemical complex, syndicated guarantee facilities for a power station/desalination works in Jeddah and a seaport in Jubail.

**BANK OF AMERICA**

**Think what we can do for you.**

هكذا مني الاصل

S., Canada in Cable TV Battle

By Penny Pagano
as Angeles Times Service
INGTON — When Min-
began accepting bids in
9, from companies want-
install competing cable tele-
systems, no one expected
e erupted — an angry
between U.S. and Canadi-
ans.

Tokyo Exchange

Table with columns for various stock indices and prices in Tokyo, including Nikkei, TOPIX, and various sector indices.

Eurocurrency Interest Rates

Table showing interest rates for various Eurocurrency deposits, including Dollar, D-Mark, Swiss Franc, and Sterling.

Selected Over-the-Counter

Large table listing various over-the-counter securities, their closing prices, and market status as of March 10, 1981.

Questions in Canadian Funds

All quotes, cents unless marked
High Low Close Change

Toronto Stocks

Table showing Toronto stock market closing prices for March 9, 1981.

Floating Rate Notes

Table listing floating rate notes from various banks, including their coupon rates and maturities.

London Metals Market

Table showing London metals market prices for various commodities like copper, nickel, and aluminum.

London Metals Market

Table showing London metals market prices for various commodities like copper, nickel, and aluminum.

Montreal Stocks

Table showing Montreal stock market closing prices for March 9, 1981.

High Low Close Change

Large table listing various international stock market data, including prices and changes for different regions.

Advertisement for finmeccanica SOCIETÀ FINANZIARIA MECCANICA FINMECCANICA S.P.A. U.S. \$75 million Medium-Term Loan. Includes logos and detailed text about the loan and managing agents.

Advertisement for ABDULMOHSEN ABDULAZIZ AL-BABTAIN COMPANY. K.D. 15 million Medium Term Loan. Includes logos and detailed text about the loan and managing agents.

AMEX Nationwide Trading Closing Prices Mar. 10

Tables include the nationwide prices up to the closing on Wall Street.

Main table of AMEX Nationwide Trading Closing Prices for March 10, 1981, listing various stocks and their prices.

Chicago Futures

Table of Chicago Futures prices for March 10, 1981, including contracts for wheat, corn, and soybeans.

U.S. COMMODITY PRICES

Table of U.S. Commodity Prices for March 10, 1981, listing various agricultural and industrial commodities.

Market Summary

NYSE Most Actives

Table of NYSE Most Active stocks for March 10, 1981.

Dow Jones Averages

Table of Dow Jones Averages for March 10, 1981.

Dow Jones Bond Averages

Table of Dow Jones Bond Averages for March 10, 1981.

Standard & Poors

Table of Standard & Poors indices for March 10, 1981.

NYSE Index

Table of NYSE Index for March 10, 1981.

Odd-Lot Trading in N.Y.

Table of Odd-Lot Trading in N.Y. for March 10, 1981.

American Most Actives

Table of American Most Active stocks for March 10, 1981.

AMEX Index

Table of AMEX Index for March 10, 1981.

International Monetary Market

Table of International Monetary Market for March 10, 1981.

European Stock Markets

March 10, 1981 (Closing prices in local currencies)

Table of European Stock Markets for March 10, 1981, listing Amsterdam, Paris, London, Brussels, Frankfurt, and Zurich.

Cash Prices

Table of Cash Prices for March 10, 1981.

New York Futures

Table of New York Futures for March 10, 1981.

Commodity Indexes

Table of Commodity Indexes for March 10, 1981.

Dividends

Table of Dividends for March 10, 1981.

Tuesday's New Highs and Lows

Table of Tuesday's New Highs and Lows for March 10, 1981.

Silver Margins Lowered

NEW YORK — The Commodity Exchange Inc. said its margin committee is cutting speculative margin requirements on silver futures, effective at the opening Wednesday, to \$6,000 from \$7,000. It said margins for hedgers will remain at \$4,000.

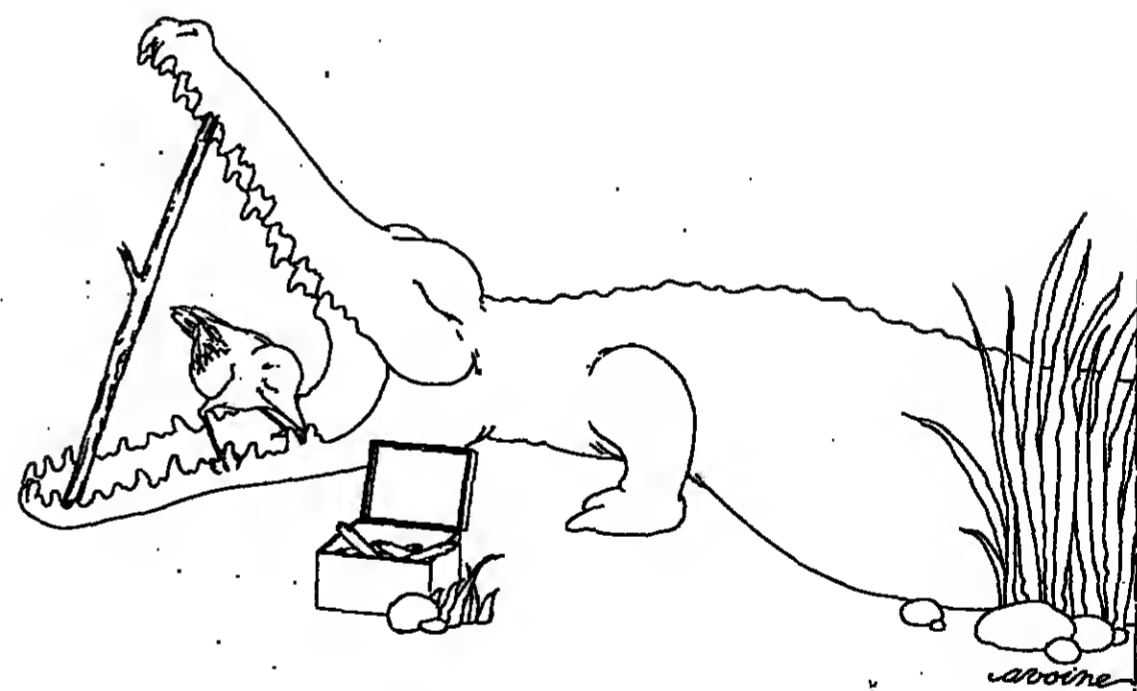
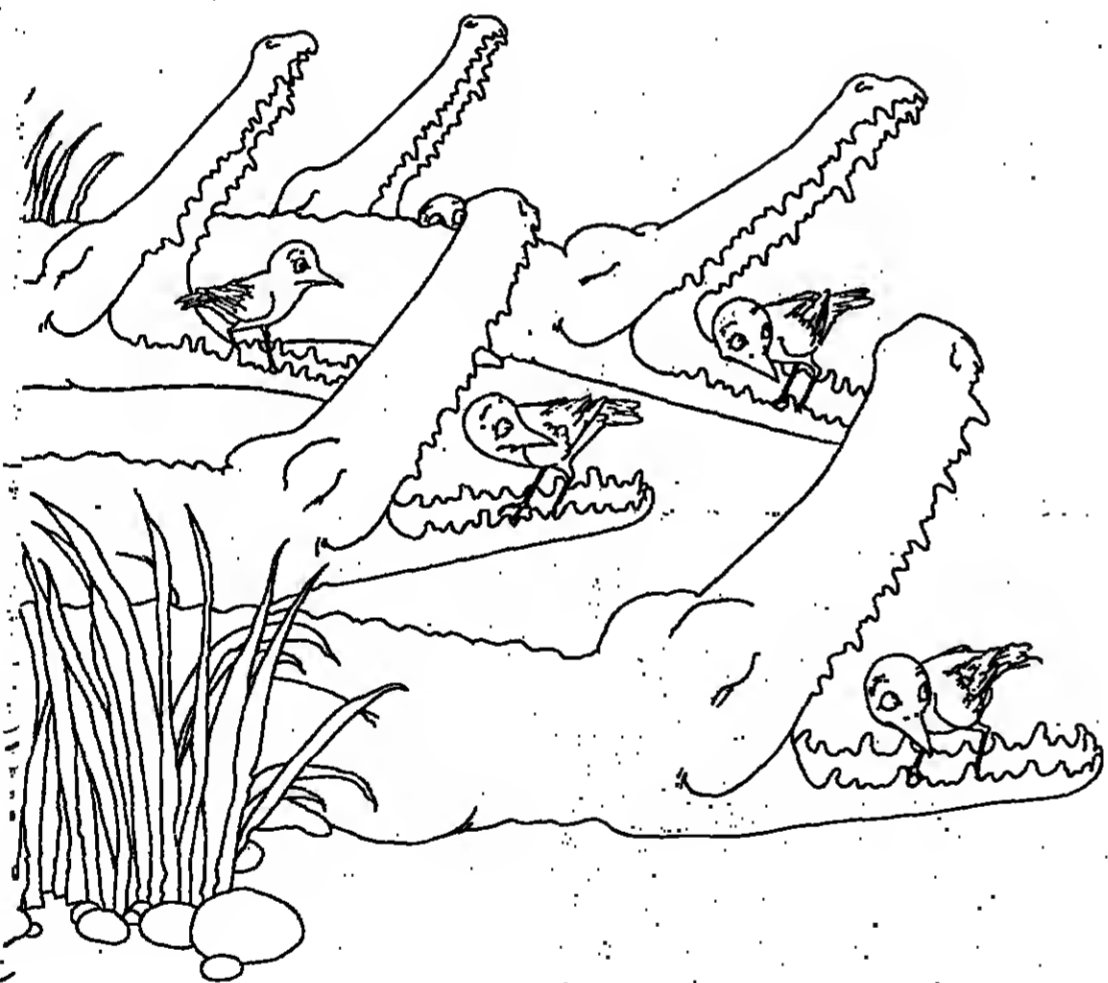
ADVERTISEMENT INTERNATIONAL FUNDS

March 10, 1981

Table of International Funds for March 10, 1981, listing various fund names and their values.

Handwritten text at the bottom of the page: "مكتبة الامم المتحدة"

# When you're the 384th foreign bank to open in London you better have something the other 383 don't.



But before we tell you what it is we'd better tell you what the BFCE is.

Banque Française du Commerce Extérieur is a French commercial bank—with a French name—to which the French Government has assigned substantial medium- and long-term export credit responsibilities and for several decades now we've specialized, as our name suggests, in the financing of overseas trade.

But as you can see we haven't exactly knocked ourselves out getting ourselves overseas. While we've always crisscrossed the globe indefatigably for our customers we waited to set up shop abroad until we were ready.

We looked before we leapt. We stayed home doing our bit—a not inconsiderable bit—for the French export trade, in the process building up a solid fund of experience and expertise in international trade and commodity trading—and acquiring a good working relationship with nearly every country in the world.

Although we've been busy setting up representative and trade promotion offices since the early seventies in a number of countries—more than 20 so far—it was only in February, 1977, that we really started exporting the BFCE with the opening in New York of our first overseas branch. (Quickly followed by a loan production office in Houston, an agency in San Francisco and a branch in Milan.)

Last but not least. But the big news, of course, is London—our new City branch just around the corner from the Bank of England on Threadneedle Street.

Now we've finally arrived we'd like to unzip our bags and produce without further ado what marketing men would call our unique selling proposition.

The BFCE is a "small" bank—in the same sense Mont Blanc is a small mountain—operating in one area of specialization. Overseas trade. For you there are three big advantages in this.

It means every single individual customer is very important to us and we'd better make damn sure we're doing a good job.

It means we're experts at being fast and flexible.

And it means we are able to supply you with an exceptional degree of technical and legal know-how along with an exceptional level of competence in the highly specialized area of the international transfer of funds.

We've got the wherewithal. Although we don't have branches all the way from Timbuktu to Kamchatka we are in a position to help with the financing of even the largest projects. (At the end of 1980 the Bank's total assets amounted to £13,700,000,000 and over 90 per cent of our business was in the financing of international trade.)

In fact, at the Banque Française du Commerce Extérieur, when it comes to solving your problems, you'll find we've got what it takes.

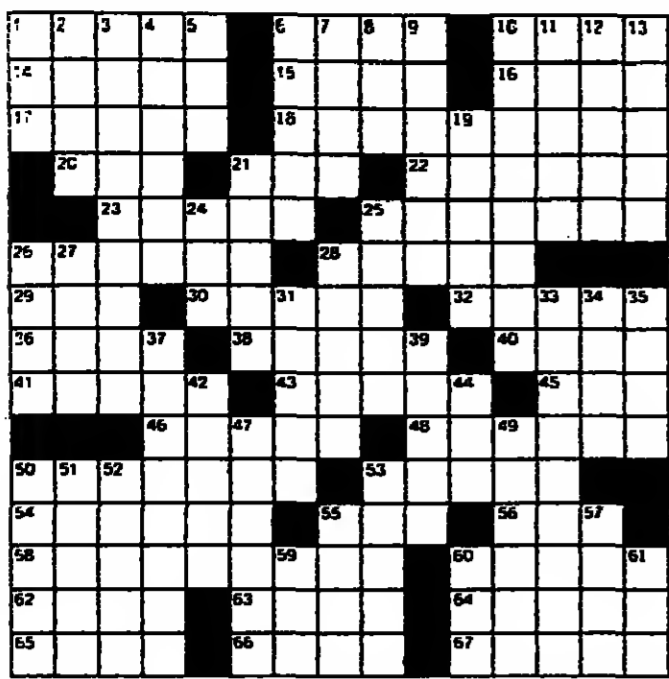
# BFCE

## BANQUE FRANÇAISE DU COMMERCE EXTERIEUR

1 Angel Court—London—EC2R 7HU Tel: 01-726 4020—Telex 894 191. Licensed Deposit-Taker

Something new in the City.

CROSSWORD By Eugene T. Maleska



- ACROSS
1 Successor of Bess
6 Theda of the silents
10 Unravel
14 Dogson's girl
15 Musical composition
16 Prefix with gram or dyne
17 Jury list
18 Small suitcase
20 West Indies product
21 Imogene's partner
22 Pusher's victim
23 French family member
25 Forever
26 Word following raw or burnt
28 Old Nick
29 de guerre
30 Penetrate
32 Dope
36 "Sliding" Paul Simon song
38 Wicked biblical city
40 Of the dawn
41 Sections of an old Rome
43 Pavarotti, e.g.
45 Numero
46 Change
48 Start of Sarah Adams's well-known hymn
50 "The Face on the Floor"
53 Bees do it
54 Microscopic animals
55 Scrooge utterance
56 de France
58 Wherein the Balcony Scene occurs
60 Mixed alcoholic drink
62 Double preposition
63 500
64 Bull
65 Between Mont. and Minn.
66 do-well
67 bridge (Euclidean proposition)
DOWN
1 Tourist's need
2 Resembling a wing
3 Armed civilian of 1776
4 "The Corneth": O'Neill
5 Sniggle's victim
6 Kind of knife
7 Mimicked

Solution to Previous Puzzle



WEATHER

Table with 4 columns: City, High, Low, and Forecast. Lists cities like ALGARVE, AMSTERDAM, ANKARA, etc., with their respective weather conditions.

RADIO NEWSCASTS BBC WORLD SERVICE

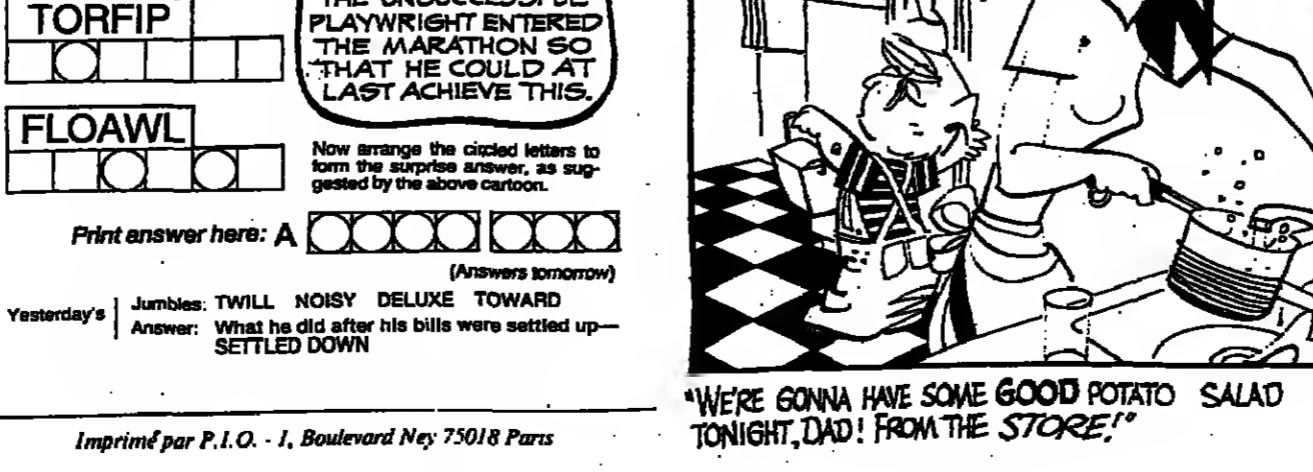
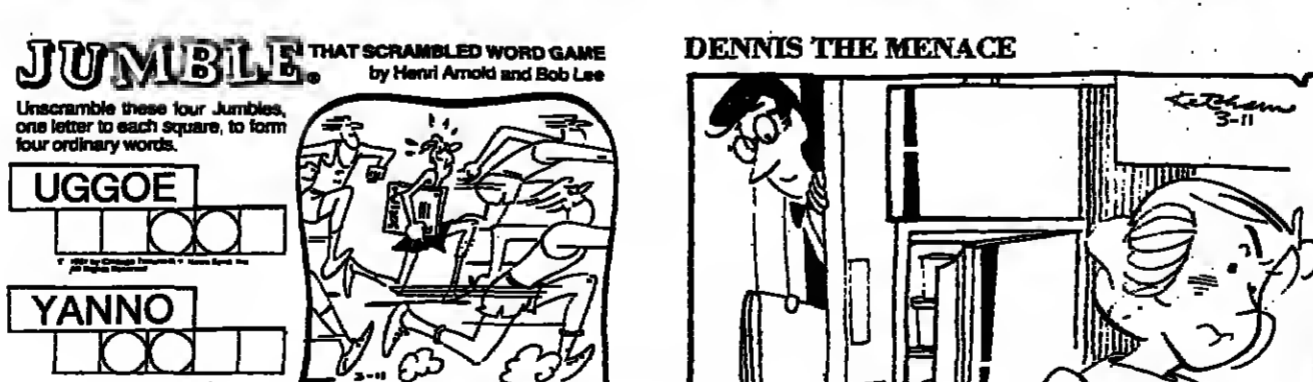
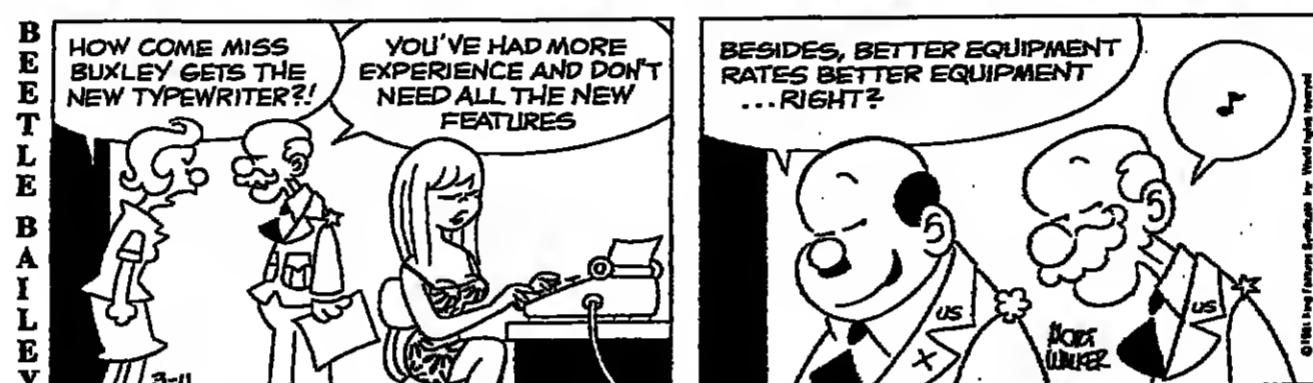
Program schedules for various regions including Western Europe, North Africa, and South America, listing times and frequencies.

VOICE OF AMERICA

Program schedules for Voice of America broadcasts, including times and frequencies for various regions.

German Shepherd Shoots Trainer

MONROE, Mich. — John Calbert was in satisfactory condition in a hospital with a bullet wound in his leg caused by his dog, police said. Mr. Calbert was training his German shepherd to disarm intruders, but the dog dropped a .22-caliber revolver that it had been holding with its teeth and the gun went off, wounding Mr. Calbert. A police spokesman said Monday that there would be no charges. "It would be kind of hard to fingerprint him," the policeman said.



BOOKS

BLACK MOUNTAIN BREAKDOWN By Lee Smith. Putnam, 228 pp. \$10.95. Reviewed by Christopher Lehmann-Haupt

THE real heroine of Lee Smith's new novel, her fourth, is not doom-ridden Crystal Renee Spangler of Black Falls, in the western corner of Virginia, near the West Virginia border. The real heroine of "Black Mountain Breakdown" is the narrator's voice, which turns Smith's story into a country music ballad or a Southern Appalachian breakdown, in the sense of the word that means, as in "Like Country Breakdowns," "It is a waltz that rushes its story forward in the present tense — 'Crystal at 16 is everything Lorene,' her mother, 'hoped she would be, everything Grant,' her dead father, 'was afraid she would be, too, only that's beside the point since nobody talks about Grant much these days, and nobody seems to remember him much either, except for Crystal. Crystal is beautiful. Her skin is still fair and clear, and the color still comes and goes in her cheeks and very light and silky, baby fine. She is perfectly proportioned, thin but not too thin, and she moves all the time like a dancer even though of course she has never had lessons; there's no ballet in Black Rock. Crystal laughs and giggles and cuts up a lot.'"

Best Sellers

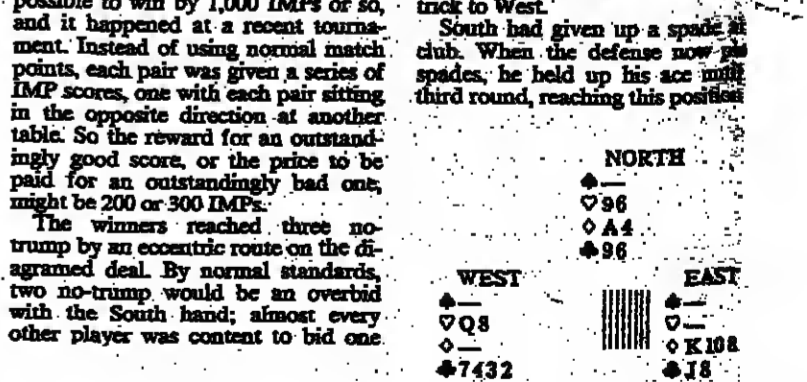
Table listing best-selling books with columns for title, author, and rank. Includes titles like 'THE COVENANT' by James M. Smith and 'NEVER SAY DIET' by Richard Simmons.

Florence Repair Work

FLORENCE — The 14th-century campanile of the Florence cathedral will be closed to the public to allow urgent repairs to the marble, officials said Tuesday. Work is expected to begin in several weeks in the 279-foot-high bell tower, which was begun by Giotto in 1334 and is known for its bas-reliefs by Andrea Pisano and Luca della Robbia.

BRIDGE

MANY players cannot remember the days when an event might be won by 1,000 points. Until about 1964 it was normal to score knockout team championships by total points, and victories by several thousand points were common. Then the international match point scale — or IMPs — came into use, following the European practice, and winning by 100 points became normal.



Since East, under pressure, elected to part with the club queen was easy to play the ace and see diamond to make the contract. If had moved three cards in each suit, the game would have fallen good defense fell at the last minute. One might think that making a no-trump would give North-South good IMP scores. Surprisingly, it worth an exact zero. The few who failed in three no-trump were actually balanced by two pairs of North-South scores. One outlier, penalty of 1,400, and the other two diamonds doubled with every trick for a score of 910.

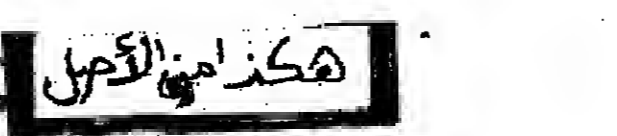
JUMBLE THAT SCRAMBLED WORD GAME

Jumble word game section including a cartoon illustration of a man running and a list of words like UGGOE, YANNO, TORFIP, FLOWL to be unscrambled.

DENNIS THE MENACE



Imprimé par P.I.O. - 1, Boulevard Ney 75018 Paris



The Soccer Scene

A Bright Star From the East

By Rob Hughes

utually confounded West Ham to win 4-1. The style was evocative of the two most memorable European games I have seen — Real Madrid vs. Eintracht Frankfurt in 1960 and Ajax Amsterdam vs. Bayern Munich in 1972. And with those three thrilling performances as evidence, one (perhaps obvious) observation has become proven: It takes two — victor and vanquished — to tango.

way it should be played was in each case such that, far from employing the plethora of negative, cheating ways to stop a rampant team, they actually compounded the scoreline by attempting to meet thrill with attacking thrill. This compliance was carried to the point of naivete at West Ham last week, but this column will not pillory the players for that.

As with Alfredo Di Stefano in 1960, as with Johan Cruyff in 1972, the Tbilisi performance had its orchestrator. David Kipiani, balding, unrhymed and in his mid-30s, was the

catalyst of so much fluidity, the designer of so many artistic and yet economic strokes, that West Ham was itself roused to applaud.

Multiple Owner Skalbania Living Out a Kid's Dream

By Wayne King

NGELES — Nelson Skalbania concedes that he does not do business in the ordinary way. It is not hard to understand a kid who grew up in the ice rinks and basketball courts on the low-rent side of Toronto, B.C., would want to sports teams of his own. One of those guys who "everything," he said, sipping of Chablis here recently — never world-class in any back of all trades, master of all, he said, explaining to become something of a sports conglomerate. "I'm a kid who used to play baseball. Now I play football. It's fun. I want to play with the best of the teams I used to play with."

of 42, whose businesses are listed on the Canadian Stock Exchange as Skalbania Enterprises. His stock is currently selling at about \$3 a share. He jets around the country buying and selling real estate — the downtown Georgian Hotel in Vancouver, shopping centers in Saskatoon, Sask., the Watergate Apartments in Oakland — along with diverse other interests that have from time to time included Vancouver's largest art gallery, another gallery in Calgary and currently one of Canada's four private breweries, Canadian Gold.

The basis of the Skalbania investment style is to keep the money moving like a rip tide, siphoning off a modest ripple or two of cash as the bigger waves go hurtling on. His real estate method, for example, is a sort of high-volume, low-markup blitz.

After a stint with an engineering firm in Vancouver, he discovered real estate, developing the art of using other people's money, buying low and selling just a bit higher — and doing it fast.

But he does acknowledge that his financial techniques are creative. "Any idiot can write a check for \$2 million cash and buy a team. But maybe the fun part of it, or the challenge part of it, is to do a lot of this buying, using, you know, using — uh — other techniques of financing."

Meanwhile, the true power of English soccer has been taken over by Ipswich Town which, by Ipswich strikes swamped the threat of CSKA Sofia and may put fear into the marrow of West Ham, which Liverpool meets in Saturday's English League Cup Final at Wembley.

to Is That Man? So that intrusion into the American sporting scene, a couple are asking who Skalbania is. He is, in fact, handsome, bearded man

Later on Pocklington bought the other half of the team. The two men worked out details on the back of a napkin.

Attendances everywhere this winter have been falling dramatically — the fans' way of showing with their feet that they will not pay for the organized neurosis that passed for tactical sport in the last European championship.

NHL Standings table with columns for Eastern Conference, Western Conference, and Standings (W, L, T, Pts, GF, GA).

Well Decorated Comes From 3d To Win Bahamas. HIALEAH, Fla. — Well Decorated came from third on the far turn Monday to edge favored Dash O' Pleasure by a nose in the Bahamas Stakes, a race of top Triple Crown prospects.

Well Decorated, ridden by Donald Macbeth in his first start since October, ran the seven furlongs in 1:22.5 on a fast track.

to Is That Man? So that intrusion into the American sporting scene, a couple are asking who Skalbania is. He is, in fact, handsome, bearded man

Well Decorated, ridden by Donald Macbeth in his first start since October, ran the seven furlongs in 1:22.5 on a fast track.

Davis Cup: Comeback of a Trophy

By Dave Anderson

CARLSBAD, Calif. — The most commendable comeback in sports this year might be made by a trophy instead of an athlete.

With a new format and new prize money, the Davis Cup has an opportunity to regain its lost prestige after 100 years in eclipse. Now that the U.S. team has qualified to oppose the current holder of the bugle silver chalice, Czechoslovakia, in the July quarterfinals of this year's competition, perhaps the U.S. tennis public will realize that the Davis Cup has more appeal than all its terms weekly tournament jockeys the same players seen to cut up.

USTA invariably scheduled cup matches in remote cities where it was more of a social than a sports event. The cocktail parties were more important than who won.



Bucks' Sidney Moncrief is hit in the face by Cavs' Kenny Carr Monday. Moncrief recovered, scoring 19 points in a 118-100 win.

Jimmy and I have a good relationship now," explained Arthur Ashe, the Davis Cup captain who once openly feuded with Connors. "When I found out I was going to be the captain, I wanted the best team. I knew John would play but I wanted Jimmy too, and he was receptive to playing."

Ashe mentioned three new factors that appeal to Connors — the new format of only 16 nations in a knockout tournament, empty weeks reserved for Davis Cup play rather than tournaments, money that might be worth as much as \$100,000 to each player on the winning team.

NBA Standings table with columns for Eastern Conference, Western Conference, and Standings (W, L, T, Pts, GF, GA).

And at the end of the year," says a USTA official, "after all our Davis Cup expenses are paid, we'll also split our take from the proceeds with the players. If they win it, they can make some substantial money."

CLASSIFIED ADVERTISEMENTS (Continued from Back Page). Includes sections for EMPLOYMENT, AUTOMOBILES, TAX FREE CARS, AVIATION, SHIPMENTS, BAGGAGE SHIPPING, LEGAL SERVICES, ESCORTS & GUIDES, and more.

Football Polls

Well Decorated, ridden by Donald Macbeth in his first start since October, ran the seven furlongs in 1:22.5 on a fast track.

Well Decorated, ridden by Donald Macbeth in his first start since October, ran the seven furlongs in 1:22.5 on a fast track.

Well Decorated, ridden by Donald Macbeth in his first start since October, ran the seven furlongs in 1:22.5 on a fast track.

Well Decorated, ridden by Donald Macbeth in his first start since October, ran the seven furlongs in 1:22.5 on a fast track.

Observer

Mary Blume

PEOPLE: Rather Keeps Profile As He Replaces Cronk

The Bard at Bat

By Russell Baker

NEW YORK — Every time the teams go south for spring training I think back to the year George Stembler bought Sweet Will Shakespeare from the Globe Theater Co.



Baker

George, being George, wanted a winner and was willing to pay for it. That's how he got Kit Marlowe — "Mighty Line Marlowe," the scribes called him — from the Leeds Lotts. Bought him for three huns of sack and a cask of doublets.

Award once he licked his weakness for serving up the old mistaken-identity plot.

When time came for everybody to show up at Lyme Regis that spring, both Kit and O'Rare were absent. This was a disappointment, especially to the woodcut carvers, who had hoped to make woodcuts of George's three mighty stars embracing and showing each other their quill pens.

Instead, they had to be satisfied with woodcuts of Sweet Will warming up his soliloquy lines. Will obligingly posed for the carvers delivering a practice soliloquy that went, "Should I be or not? Hey nonny nonny."

"Just one more, Will!" cried the woodcutters, but George tossed them out in a fury, which was caused by the arrival of heralds bearing tidings from Kit Marlowe and Jonson.

Russian Poet on a Tightrope

International Herald Tribune

PARIS — Andrei Voznesensky is a poet who is adored by his public, respected by his peers and tolerated — although not always — by the authorities.

In his native Russia it is not unusual for 14,000 people to attend his readings, for a volume of his poetry to get a printing of 280,000 copies (multiplied many times by black market reproductions) and for 120 million to see him on television.

He cannot work at a desk and prefers to write in a forest. For a year he has been under a cloud for taking part in a revolt against literary censorship. After joining a group of writers in demanding publication of a collection of their censored works called "Metropol," he was banned from publishing or giving readings; his books were not sold or even given out at public libraries.



Poet Voznesensky: Pasternak, opera and rock.

The opera is part of the poet's new hobby, as he calls it, pop music (his favorite group is Pink Floyd).

"When you have literature, things have to be approved, published, translated. It can be years before people can read it. Music is immediate and international."

fun and it's grace," he says. "It's stupid but it's my new hobby."

Voznesensky's life is not the sort that can indulge in silliness; what interests him is the thought of a new and even wider audience. "There are things you can say in songs that you cannot say in poems."

Years of Understanding

"Before my poetry was more avant-garde, avant-garde in the Russian style. I have the idea that in the '80s we will try to understand what has happened in the 20th century. In the '20s they understood what the 20th century would be, now we can analyze what it was. These coming years are the most important because they are years of analysis and understanding."

"My aim is to push readers to analyze and to give them a method. I am not a genius of politics who gives answers to political problems. I am not a genius of economics who gives answers to economic problems. I am not a genius of strategy who gives advice on how to love. I can only give the method to go deep inside events in people's everyday lives, to help them survive and find truth."

fun and it's grace," he says. "It's stupid but it's my new hobby."

Voznesensky's life is not the sort that can indulge in silliness; what interests him is the thought of a new and even wider audience. "There are things you can say in songs that you cannot say in poems."

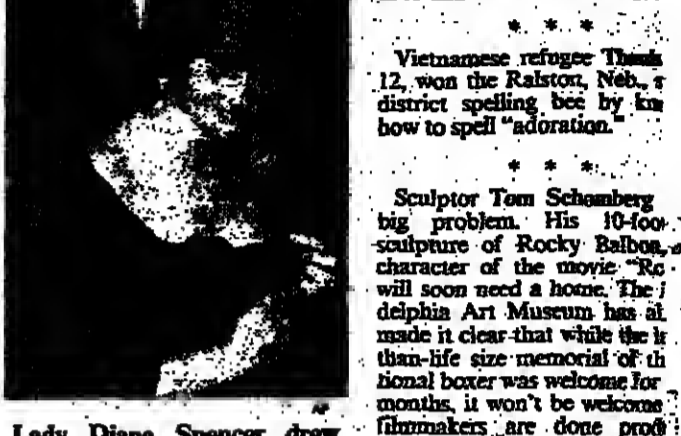
Years of Understanding

"Before my poetry was more avant-garde, avant-garde in the Russian style. I have the idea that in the '80s we will try to understand what has happened in the 20th century. In the '20s they understood what the 20th century would be, now we can analyze what it was. These coming years are the most important because they are years of analysis and understanding."

"My aim is to push readers to analyze and to give them a method. I am not a genius of politics who gives answers to political problems. I am not a genius of economics who gives answers to economic problems. I am not a genius of strategy who gives advice on how to love. I can only give the method to go deep inside events in people's everyday lives, to help them survive and find truth."

Don Rather, who has substituted for Walter Cronkite more than 50 times in his career, did not fumble the ball when he took over Monday as CBS Evening News anchorman before a brand new blue-gray backdrop. In fact, like a veteran quarterback, he passed it deftly from correspondent to correspondent, letting his team roll up the yardage — Leslie Stahl in Washington on President Reagan's latest budget cuts, Robert Frierpoint in Moscow on Leonid Brezhnev's latest bid for a summit conference, and Mike Wallace on what lay behind that now famous Canadian rescue of six Americans in Tehran at the onset of the hostage crisis. Throughout the broadcast, Rather maintained a low personal profile. He didn't even open up his light gray jacket to flash the red and blue suspenders that are supposed to be his trademark. Even his sign-off was low key — nothing like Edward R. Murrow's famed "Good night and good luck" or Cronkite's comforting assurance that "That's the way it is." "Until tomorrow, this is Don Rather, CBS News," he said. "Good night."

Ronald Reagan and his co-star in the film classic "Kluge's Rocke — All American" will return to the States.



Lady Diana Spencer drew gasps of delight from a few diamonds and a first public engagement with Prince Charles, whom she marries in July, with a black chiffon, off-the-shoulder evening gown with a plunging neckline. They appeared at a charity show at the Goldsmiths' Hall in London.

—SAMUEL JUST

ANNOUNCEMENTS

SUBSCRIBE to the INTERNATIONAL HERALD TRIBUNE AND SAVE. As a new subscriber to the International Herald Tribune, you can save up to 50% off the standard price depending on your country of residence.

MOVING

INT'L MOVING & EXPORT, Singapore. Air & sea freight, insurance, customs, etc. Tel: 288 737, 647 70 11. Telex: 63665F.

CLASSIFIED ADVERTISEMENTS

REAL ESTATE TO RENT/SHARE. GREAT BRITAIN. BERKSHIRE. Beautiful Country Estate. LONDON. For the best furnished flat in the area. PARIS AREA FURNISHED. AT HOME IN PARIS. PARIS PROMO. FURNISHED & UNFURNISHED APARTMENTS TO RENT OR SALE.

International Business Message Center

ATTENTION BUSINESSMEN: Publish your Business Message in the International Herald Tribune, over a quarter of a million readers worldwide, most of whom are in business and industry. Just telex us Paris 613595, before 10:00 a.m. ensuring that we can telex you back and your message will appear within 48 hours.

BUSINESS OPPORTUNITIES. AGENTS/DISTRIBUTORS. HIGH BLOOD PRESSURE CAN KILL. VERMONT 30 AREA: A well run and profitable business opportunity. DIAMONDS. DIAMONDS ON CHEAPER AT SOURCE. OFFICE SERVICES. YOUR FURNISHED OFFICE IN PARIS. REAL ESTATE WANTED/EXCHANGE. INT'L OFFICE. BUSINESS SERVICES. RELOCATION. BUSINESS SERVICES.

EMPLOYMENT

EXECUTIVE POSITIONS AVAILABLE. OIL TRADER. COMMODITY FUTURES TRADER. SECRETARIAL POSITIONS AVAILABLE. ASSISTANT. EXECUTIVES AVAILABLE. GENERAL POSITIONS AVAILABLE. THE ENCYCLOPEDIA BRITANNICA. TUESDAYS. REPRESENTATIVE IN CHARGE. PERSONNEL RESEARCH. AMERICAN LAW FIRM. REAL ESTATE WANTED/EXCHANGE. EMPLOYMENT. EXECUTIVE POSITIONS AVAILABLE. GENERAL POSITIONS AVAILABLE.

For advertising contact the TRIBE office in your city. HEAD OFFICE: Paris, France. Tel: 747 12 65. Telex: 63665F.